

NEW APPLICATION



0000040947

GALLAGHER & KENNEDY

P.A.

ATTORNEYS AT LAW

JUDITH K. GARGIULO
DIRECT DIAL: (602) 530-8596
E-MAIL: JKG@GKNET.COM

RECEIVED

2000 DEC 20 A 11:12

22575 EAST CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225
PHONE: (602) 530-8000
FAX: (602) 530-8500
WWW.GKNET.COM

AZ CORP COMMISSION
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December 20, 2000

VIA HAND DELIVERY

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85003

DOCKET NO. W-01032B-00-1043

DOCKET NO. WS-03454A-00-1043

Re: Joint Application

Ladies and Gentlemen:

Attached is a Joint Application by Citizens Communications Company ("Citizens") and Citizens Water Services Company of Arizona ("DistCo") for the following:

- Extending the area for Citizens and DistCo's existing Certificates of Convenience and Necessity to serve an area being developed by DMB White Tank, LLC (the "Project").
- Approving the Caterpillar Property Water/Wastewater Agreement, including all exhibits thereto.
- Approving the tariff to be charged by Citizens for the Water Facilities Hook-Up Fee.
- Approving the tariff to be charged by Citizens for general non-potable water service.
- Approving Rule No. 12 applicable to non-potable water service.
- Approving the tariff to be charged by DistCo for the Wastewater Facilities Hook-Up Fee.

December 20, 2000

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The purpose of this application is to request the requisite approvals from the Commission that will enable Citizens and DistCo to provide water and wastewater services to the customers residing in the Project.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By:


Judith K Gargiulo
Attorney

NEW APPLICATION

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

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CHAIRMAN

JIM IRVIN

COMMISSIONER

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COMMISSIONER

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IN THE MATTER OF THE APPLICATION)
OF CITIZENS COMMUNICATIONS)
COMPANY, AGUA FRIA DIVISION FOR)
(1) AN EXTENSION OF THE AREA COVERED)
BY ITS EXISTING CERTIFICATE OF)
CONVENIENCE AND NECESSITY,)
(2) APPROVAL OF THE CATERPILLAR)
PROPERTY WATER/WASTEWATER)
AGREEMENT, (3) APPROVAL OF THE)
TARIFF FOR THE WATER FACILITIES)
HOOK-UP FEE, (4) APPROVAL OF THE)
TARIFF FOR GENERAL NON-POTABLE)
WATER SERVICE, AND (5) APPROVAL OF)
RULE NO. 12 APPLICABLE TO NON-POTABLE)
WATER SERVICE)

DOCKET NO. W-01032B-00-043

IN THE MATTER OF THE APPLICATION)
OF CITIZENS WATER SERVICES COMPANY)
OF ARIZONA FOR (1) AN EXTENSION OF)
THE AREA COVERED BY ITS EXISTING)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY FOR WASTEWATER SERVICE,)
(2) APPROVAL OF THE CATERPILLAR)
PROPERTY WATER/WASTEWATER)
AGREEMENT, AND (3) APPROVAL OF THE)
TARIFF FOR THE WASTEWATER)
FACILITIES HOOK-UP FEE)

DOCKET NO. SW-03454A-00-1043

**JOINT APPLICATION
TO EXTEND
CERTIFICATES OF
CONVENIENCE AND
NECESSITY**

Pursuant to A.R.S. §40-281, *et seq.*, and A.A.C. R14-2-402(C), Joint Applicants, Citizens
Communications Company, Agua Fria Division ("Citizens") and Citizens Water Services

Company of Arizona ("DistCo") hereby submit this Joint Application to the Arizona Corporation Commission ("Commission") for the following:

1. Approval to extend each of Citizens' and DistCo's Certificates of Convenience and Necessity ("CC&N") for water and wastewater service, respectively, to serve the area as legally described in the attached Exhibit B (the "Extension Area") to reflect the continued development and growth of the area adjacent to Citizens' existing CC&N Area (the "Project"), which is being developed by DMB White Tank, LLC, an Arizona limited liability company (the "Developer");
2. Approval of the Caterpillar Property Water/Wastewater Agreement (the "Agreement"), between Citizens, DistCo, and Developer;
3. Approval of the tariff to be charged by Citizens for the Water Facilities Hook-Up Fee (as defined in the Agreement);
4. Approval of the tariff to be charged by Citizens for general non-potable water service;
5. Approval of Rule No. 12 applicable to non-potable water service.
6. Approval of the tariff to be charged by DistCo for the Wastewater Facilities Hook-Up Fee.

In support of this Joint Application, Citizens and DistCo state as follows:

I.

A. Citizens is a diversified public utility which through operating divisions or subsidiaries provides electric, natural gas, telecommunications, water and wastewater service to

approximately 1.8 million customers in 20 states, including Arizona. Under authority granted by the Commission, Citizens provides water and wastewater utility services to the public in portions of Maricopa County, Mohave County and Santa Cruz County, Arizona. Through its Agua Fria Division, Citizens provides water service to portions of Maricopa County, Arizona.

B. DistCo is a public service corporation engaged in the business of providing water and wastewater utility services to portions of Maricopa County Arizona, pursuant to authority granted by the Commission.

C. As contemplated by the Agreement, the Project is undergoing new development, which is planned for the Extension Area. The new residents and business that will be located within the Project will need water and wastewater utility services. To serve this new development, Citizens and DistCo propose to extend their certificated water and wastewater service areas, respectively, to include the Extension Area, which is immediately adjacent to Citizens' existing certificated area, and which is not presently being served by another certificated utility.

II.

A. The Commission previously granted CC&Ns to both Citizens and DistCo, and authorized the rates and charges set forth the corresponding Opinions and Order.

B. Under Section 7.2 of the Agreement, Citizens intends to charge all builders working on the Project a fee per ERU within the Extension Area for purposes of funding the construction costs for a portion of the water infrastructure (the "Water Facilities Hook-Up Fee"). The initial amount of the Water Facilities Hook-Up Fee will be \$1,500.00 per ERU for potable water service.

C. Under Section 6.2 of the Agreement, Citizens intends to charge a general non-potable water service tariff at the initial rate of \$0.62 per 1000 gallons of non-potable water.

D. Citizens intends to implement Rule No. 12 applicable to non-potable water service.

E. A copy of the proposed Water Facilities Hook-Up Fee tariff, the proposed non-potable water service tariff, the proposed Rule No. 12 and related tariff modifications are attached as Exhibit D.

F. Under Section 7.2 of the Agreement, DistCo intends to charge all builders working on the Project a fee per ERU within the Extension Area for purposes of funding the construction costs for a portion of the wastewater infrastructure (the "Wastewater Facilities Hook-Up Fee"). The initial amount of the Wastewater Facilities Hook-Up Fee will be \$750.00 per ERU for wastewater service. A copy of the proposed tariff and related tariff modifications is attached as Exhibit E.

G. The Agreement sets forth in detail the contemplated development of the Project, the planned construction and development of the infrastructure necessary to provide the water/wastewater services for the Project, the rate structures for the Project, and the responsibilities of the parties thereto. A copy of the Agreement is attached as Exhibit A.

H. Both Citizens and DistCo submit that the provisions of the Agreement are reasonable and in the public interest.

I. Citizens and DistCo's request for the issuance of the extension to the existing CC&Ns is expressly conditioned on the Commission's approval of the Agreement without amendment or modification. If the Commission does not provide these approvals, Citizens and

DistCo each reserve the right to withdraw their request for issuance of the extension to the existing CC&Ns.

III.

Citizens and DistCo propose to extend their respective CC&Ns to encompass the Extension Area. The Extension Area is located within the Town of Buckeye, Maricopa County, Arizona. The Extension Area is contiguous to the existing service areas of Citizens. The legal description for the proposed Extension Area is the same for Citizens and DistCo and is attached as Exhibit B. Citizens and DistCo's existing certificated areas are depicted in the color-coded maps attached as Exhibit C, which also identifies the location of the Extension Area in relation to the existing certificated areas.

IV.

There is a public need and necessity for water and wastewater utility and treatment services in the Extension Area. No other public service corporation is providing such services in or near the Extension Area.

V.

Citizens and DistCo are financially sound and are able to provide water and wastewater utility and treatment services to the public within the proposed Extension Area. Citizens and DistCo are fit and proper entities to have their respective CC&Ns extended to the Extension Area.

VI.

With the exception of the tariffs for which the Joint Applicants are seeking approval under this application, the authorized rates and charges for Citizens and DistCo, as set forth in their approved tariffs on file with the Commission, will be applied to the water and wastewater utility services provided in the Extension Area.

VII.

The estimated number of customers to be served at build out by Citizens and DistCo within the Extension Area is 9,589 residential units and 2,056 commercial equivalent units, receiving water and wastewater utility service. In addition, up to 1,095 acres of turf and landscape will receive non-potable water service.

VIII.

A. Citizens and DistCo will obtain authorization from the Town of Buckeye with regard to the water and wastewater services for the Project.

B. Authorization from the Town of Buckeye will be filed with the Commission when it is available.

IX.

Notice of this Joint Application has been provided to Developer, Caterpillar Foundation, an Illinois not-for-profit corporation and Arizona Department of Transportation in the form attached as Exhibit F.

X.

As affiliates of each other and in light of the Agreement, each Joint Applicant will provide the Commission access to its books and records under A.A.C. R14-2-804(A).

XI.

All correspondence regarding this Joint Application should be addressed to:

Mr. Ray Jones
Vice President and General Manager
Citizens Communications Company
15626 North Del Webb Boulevard
Sun City, Arizona 85351
(623) 815-3124

XII.

For the foregoing reasons, Joint Applicants respectfully request that the Commission expeditiously process this Joint Application, schedule a public hearing, and issue an Order that grants this Joint Application in its entirety.

DATED: December 20, 2000.

Respectfully submitted,

GALLAGHER & KENNEDY, P.A.

By: _____

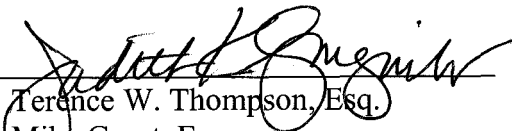

Terence W. Thompson, Esq.
Mike Grant, Esq.
Judith K. Gargiulo, Esq.
2575 East Camelback Road
Phoenix, Arizona 85016
Attorneys for the Joint Applicants

Exhibit A

Caterpillar Property Water/Wastewater Agreement

CATERPILLAR PROPERTY WATER/WASTEWATER AGREEMENT

between

DMB WHITE TANK, L.L.C.

and

CITIZENS COMMUNICATIONS COMPANY
(and Affiliate)

Dated as of November 1, 2000

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EXHIBITS

- Exhibit A - Definitions
- Exhibit B - Legal Description of Land
- Exhibit C - Map of Project Location and Boundaries
- Exhibit D - Outline of Wastewater Design Report
- Exhibit E - Refunds of Developer's Advances
- Exhibit F - Insurance
- Exhibit G - Projected Phase I Off-Site Facilities
- Exhibit H - Assignment and Assumption Agreement

CATERPILLAR PROPERTY WATER/WASTEWATER AGREEMENT

AGREEMENT dated as of November 1, 2000, between DMB WHITE TANK, L.L.C., an Arizona limited liability company ("Developer"), CITIZENS COMMUNICATIONS COMPANY, a Delaware corporation ("Citizens"), and CITIZENS WATER SERVICES COMPANY OF ARIZONA, an Arizona corporation ("DistCo").

RECITALS:

A. Caterpillar Foundation (the "Owner") is an Illinois not-for-profit corporation. Owner owns approximately 8,635 acres of land (the "Caterpillar Land") known as the "Caterpillar property" in the Town of Buckeye ("Buckeye"), Arizona. The location of the Caterpillar Land is shown on Exhibit B. Owner and Developer have entered into a Master Agreement dated September 30, 1999 (the "Master Agreement"), under which Developer has certain rights to acquire and develop the Land.

B. The Master Agreement contemplates the establishment of a subdivision trust under which Owner is first beneficiary and Developer is second beneficiary and which has the Caterpillar Land as part of the trust estate (the "Subdivision Trust").

C. Developer owns approximately 165 acres of land (the "DMB Land") adjacent to the Caterpillar Land and also located in Buckeye. The location of the DMB Land is also shown on Exhibit B. (The Caterpillar Land and the DMB Land are collectively the "Land.")

D. Developer intends to develop a new community known as WhiteStone on (and having the same perimeter boundary as) the Land, as described in Exhibit C ("Project").

D. Developer intends to develop a new community known as WhiteStone on (and having the same perimeter boundary as) the Land, as described in Exhibit C ("Project").

E. Buckeye and Developer entered into that certain Pre-Annexation and Development Agreement dated as of November 24, 1999, and recorded in the official records of the Office of the Maricopa County Recorder on November 26, 1999, as Document No. 99-19171208 (the "Development Agreement"). The Development Agreement incorporates by reference the Community Master Plan for the Land which legally entitles Developer to develop approximately 14,080 residential dwelling units and approximately four million square feet of commercial and industrial development on the Land.

F. Pursuant to the Master Agreement, Developer is authorized to enter into this Agreement.

G. Citizens holds a certificate of convenience and necessity issued by the Arizona Corporation Commission (the "Commission") regarding Citizens' provision of public utility water service to property adjacent to Project.

H. DistCo holds a certificate of convenience and necessity issued by the Commission regarding DistCo's provision of public utility wastewater service to property in Maricopa County, Arizona.

I. Developer desires that the Citizens Parties provide public utility water and wastewater services in the Project.

J. The Citizens Parties desire to provide public utility water and wastewater services in the Project. To that end, Citizens Parties are willing to apply to the Commission for the expansion of their respective certificates of convenience and necessity to include the Project.

AGREEMENT:

NOW, THEREFORE, the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions.

Capitalized terms and other terms used in this Agreement have the meanings set forth in Exhibit A, unless the term is defined elsewhere in this Agreement and unless the context otherwise requires. Those terms include the singular and the plural forms of the defined terms.

ARTICLE II

AUTHORIZATIONS

2.1 Authorizations.

a. Citizens. Citizens will, at its own expense on a timely basis, take all reasonable steps necessary to obtain, maintain and renew any Authorizations.

b. DistCo. DistCo will, at its own expense on a timely basis, take all reasonable steps necessary to obtain, maintain and renew any Authorizations.

2.2 Cooperation.

Developer will, at its own expense on a timely basis, do whatever is reasonably necessary to assist the Citizens Parties in obtaining any Authorizations.

2.3 Condition Subsequent.

The obligations of the Citizens Parties under this Agreement are contingent on obtaining the Authorizations.

2.4 Application to Commission.

The Citizens Parties will submit a joint application to the Commission for (a) extension of their respective certificates of convenience and necessity to include the Project, and (b) approval of this Agreement. After the filing of the application, the Citizens Parties will diligently pursue Commission approval of the application. The Citizens Parties will withdraw the application if a Commission staff report recommends approval of the extension of the certificates of convenience and necessity, but does not recommend approval of this Agreement (or recommends approval of this Agreement with material modifications), unless the Parties agree to the continued pursuit of Commission approval of the application. In addition, if the Commission approves the application to extend the Citizens Parties' certificates of convenience

and necessity so as to include the Project, but the Commission does not approve this Agreement (or approves this Agreement with material modifications), then Developer may apply for the deletion of the Project from the Citizens Parties' certificates of convenience and necessity, and the Citizens Parties will support Developer's application. The Parties intend that Commission approval of the application to extend the Citizens Parties' certificates of convenience and necessity so as to include the Project and Commission approval of this Agreement occur concurrently.

2.5 Consent from Buckeye.

The Citizens Parties will apply to Buckeye for a franchise, interim operating agreement, license, easement or other right to use the rights-of-way within Buckeye. After filing the application with the Commission, the Citizens Parties will diligently pursue approval of the application by Buckeye.

ARTICLE III
MASTER PLAN

3.1 Master Plan.

a. Preparation by Developer. Developer at its own expense will prepare, revise and complete a comprehensive water and wastewater master plan for the Project consistent with the Development Agreement. The master plan will, as a minimum, (i) show locations and sizing of all of the Phase I Off-Site Facilities and the location, and sizing of all phases of On-Site Backbone Facilities, (ii) evaluate and plan location, sizing and phasing of Subsequent Off-Site Facilities located within the Project, and (iii) include an evaluation of expected wastewater treatment and disposal standards and a description of wastewater treatment technologies to be used to meet standards, including a design report addressing the items set forth in Exhibit D. The master plan will be updated and amended from time to time when Developer requests approval from Buckeye for a planning unit at the Project and as otherwise agreed by Developer and the Citizens Parties to reflect material changes in development densities, regulatory requirements, expected levels of service, or other factors which significantly impact the development of the Project.

b. Review by the Citizens Parties. The master plan will be provided by Developer to the Citizens Parties for review and approval. Developer will obtain written approval from the Citizens Parties of the master plan before beginning construction of any Facility. These reviews and approvals will be conducted and granted at the cost and expense of the Citizens Parties. These reviews and approvals will not be unreasonably withheld or delayed by the Citizens Parties. The Citizens Parties will conduct their initial review of the master plan within 60 days after receipt of submittal. The Citizens Parties will provide all comments in writing within that

period. Subsequent reviews by the Citizens Parties of any amendments to the master plan will be conducted within 15 days after receipt by the Citizens Parties of the amendments to the master plan. Comments to such amendments will also be provided by the Citizens Parties in writing. If either of the Citizens Parties does not respond in writing within the applicable period, it will be deemed to have approved the master plan or the amendment, as the case may be. If either of the Citizens Parties does respond with written comments objecting to elements of the master plan within the applicable period, the master plan or the amendment (as the case may be) is not approved. Any subsequent resubmission of the master plan or the amendment (whether or not revised in response to those comments and any discussions regarding them) will be subject to the same procedures and time periods for review. If the Citizens Parties approve the master plan or the amendment, the Citizens Parties will so notify Developer.

c. Plan of the Citizens Parties. The Citizens Parties will amend, at their own expense, their respective master plans for water and wastewater service within the areas circumscribed by their respective certificates of convenience and necessity so as to include the Project.

ARTICLE IV

FACILITY ADVANCES AND REFUNDS

4.1 Developer Construction of Facilities.

Developer will construct or cause to be constructed for future use of the Citizens Parties, in accordance with Article V hereof, the Phase I Off-Site Facilities and all phases of the On-Site Backbone Facilities. If requested by the Citizens Parties, Developer will oversize Facilities within the Project as specified by the Citizens Parties. The Citizens Parties will request any oversizing to a Facility within 30 days after Developer notifies the Citizens Parties that the preparation of the construction plans and specifications for that Facility has begun, provided that such preparation has not begun earlier than is required in the ordinary course of construction of similar facilities. The Citizens Parties will reimburse Developer for the incremental difference in construction costs of the oversized Facilities, versus the construction costs of the Facilities detailed in the approved master plan, as determined by an oversize study (which study will be prepared by the Citizens Parties at their expense) and cost estimate acceptable to the parties. The Citizens Parties will make progress payments within 30 days of receiving Developer's own invoice covering the costs of engineering and construction performed and paid by Developer for oversized Facilities. Those invoices will be submitted no more frequently than monthly during the period of construction of said oversized Facilities.

4.2 Land and Other Property.

a. Requisite Land. Promptly after Operational Acceptance of a Facility or any phase thereof (or earlier if mutually agreed), Developer will convey (or cause to be conveyed) to the Citizens Parties the underlying real property, as mutually agreed upon by the Citizens Parties and Developer, for (A) Phase I Off-Site Facilities, and (B) those phases of the Subsequent Off-Site

Facilities located within the Project, (C) any portion of the On-Site Backbone Facilities not located in a public right-of-way or utility easement, plus (D) any improvements thereon (and any other assets as may be agreed to). Notwithstanding the foregoing, for any Off-Site Facility located within the Project, Developer will convey (or cause to be conveyed) the entire site for all phases of the Off-Site Facility to Citizens or DistCo, promptly after Operational Acceptance of the first phase of the Off-Site Facility. Real property and interests in real property other than for the foregoing purposes (for example, for Subsequent Off-Site Facilities not located within the Project) which the Citizens Parties desire to acquire from Developer are not subject to this Agreement; if Citizens or DistCo desires to acquire any such property from Developer, such acquisition must be pursuant to a separate agreement between Citizens (or, as applicable, DistCo) and Developer.

b. Price. All real property to be conveyed to the Citizens Parties' pursuant to paragraph (a) of this Section will be conveyed in fee simple for the purchase price of (i) for real property located within the Project (A) which is for the Phase I Off-Site Facilities or any additional land required by paragraph (a) above to be conveyed simultaneously with the Phase I Off-Site Facilities, \$20,000 per acre, and (B) which is for other purposes, \$20,000 per acre plus an amount equal to \$600 for each twelve-month period that has transpired after the anniversary of the last conveyance made pursuant to clause (A), and (ii) for real property located outside the Project, Developer's actual costs in acquiring that real property (including costs paid to an Affiliate of Developer). Payment of the purchase price will be as follows: (I) if the real property is for Phase I Off-Site Facilities, any additional land required to be conveyed simultaneously with the Phase I Off-Site Facilities, or On-Site Backbone Facilities, no money will actually change hands, and the purchase price will be deemed to be part of Developer's Advances, which are

subject to refund as provided in this Agreement, and (II) if the real property is for other purposes, the Citizens Parties will pay the purchase price to Developer in cash at the time of conveyance.

c. Documentation and Title. Developer will execute and deliver, or (with respect to Land held in the Subdivision Trust) cause to be executed and delivered, to the Citizens Parties documents of conveyance (including special warranty deeds) in form reasonably satisfactory to the Citizens Parties to convey all real property to be conveyed to the Citizens Parties pursuant to paragraph (a) of this Section. The documents of conveyance will be accompanied by an extended coverage title insurance policy in form and substance acceptable to the Citizens Parties and issued by a title insurance company acceptable to the Citizens Parties to be issued in the name of and delivered to the Citizens Parties, with coverage in an amount not less than the amount of the Developer's Advances with respect to the Facilities located on that real property. Prior to issuance of the policy, Developer will cause a preliminary title report (together with copies of surveys of real property, any documents referenced in the report, and any other documents reasonably requested by the Citizens Parties) to be provided to the Citizens Parties. If the Citizens Parties object to any lien, exception or other encumbrance shown in the preliminary title report, then prior to issuance of the policy (which will be at no cost to the Citizens Parties) Developer will cause the lien, exception or other encumbrance to be removed (or provide the Citizens Parties with a written indemnity or title endorsement with respect thereto in form and substance acceptable to the Citizens Parties).

d. Land for Oversized Facilities. Additional land which may be required for any oversized Facility shall be conveyed in accordance with this Section 4.2 except that the purchase price for the land shall be the fair market value of the land and will be paid to Developer in cash at the time of conveyance.

4.3 Easements for the Citizens Parties.

Developer will obtain and convey, or cause to be obtained and conveyed by the Builders, to the Citizens Parties all easements, licenses and rights-of-way required for the Citizens Parties to provide Water Services and Wastewater Services within the Project (including easements for the On-Site Backbone Facilities) excepting any easements, licenses or rights-of-way located outside of the Project and needed for Subsequent Off-Site Facilities. These easements, licenses and rights-of-way will not require the Citizens Parties to obtain approval of any homeowners association or similar group for any construction, repair, or replacement of any Facility. If Developer needs to obtain these easements, licenses or rights-of-way from other persons other than its Affiliates, the cost of the easements, licenses or rights-of-ways will constitute Developer's Advances. The Citizens Parties will cooperate with Developer in Developer's efforts to obtain these easements, licenses and rights-of-way.

4.4 Water Meters

Prior to Final Acceptance, Developer or Builder will submit a cash payment equal to the Citizens Parties' then current tariff rates as an advance in aid of construction for all meter installations in a phase of construction to be connected directly to the On-Site Backbone Facilities.

4.5 Developer's Advances.

The amounts described in Sections 4.1, 4.3, and 4.4 above that are actually paid by Developer and invoiced in accordance with Section 5.11 will be advances in aid of construction (the "Developer's Advances").

4.6 Refunds of Developer's Advances.

In accordance with Exhibit E, Citizens or DistCo, as applicable, will refund to Developer the Developer's Advances.

ARTICLE V

DEVELOPER-CONSTRUCTED FACILITIES

5.1 Construction Plans and Specifications.

a. Preparation. After approval (or deemed approval) by the Citizens Parties of the master plan, and as and when construction of a phase is contemplated, Developer will complete or cause to be completed (as needed to enable the Citizens Parties to timely provide Water Services and Wastewater Services to the Project) all engineering, construction plans and specifications necessary for construction of each phase of the Phase I Off-Site Facilities and the On-Site Backbone Facilities consistent with the approved master plan and any oversizing requested by the Citizens Parties. All of those engineering, construction plans and specifications will be in accordance with (a) the Citizens Parties' standards and specifications, which will not be unreasonable for utility construction in Maricopa County, and (b) to the extent applicable, all requirements and rules and regulations of the Commission, Buckeye (to the extent required by operating agreement, franchise or otherwise), and all other regulatory agencies having jurisdiction. The engineering, construction plans and specifications will also be of sufficient detail to specify material types, manufacturers, and installation methods and procedures, all of which will be in accordance with the Citizens Parties' standards and specifications, which will not be unreasonable for utility construction in Maricopa County.

b. Approval by the Citizens Parties. Developer will submit the engineering, construction plans and specifications to the Citizens Parties for review and approval. The Citizens Parties will conduct all reviews, make all comments and revisions, and grant all approvals at their own expense. The Citizens Parties will not unreasonably withhold their review or approval. Together with the engineering, construction plans and specifications, Developer

will submit (for information purposes only and in full-size blueprint format, unless Developer and the Citizens Parties mutually agree to electronic data format, half-size bond copies, and/or other media) preliminary plats, final plats, address maps and other similar items which may be reasonably requested by the Citizens Parties. The Citizens Parties will conduct their review of the engineering, construction plans and specifications within 45 days after receipt of submittal. The Citizens Parties will provide all comments in writing within that period. Subsequent reviews of any amendments or other changes to the engineering, construction plans and specifications will be conducted within 15 days after receipt of the amendments. Comments to those amendments will also be provided by the Citizens Parties in writing. If either of the Citizens Parties does not respond in writing within the applicable period, it will be deemed to have approved the plans and specifications or the amendment, as the case may be. If either of the Citizens Parties does respond with written comments objecting to elements of the engineering, construction plans, and specifications within the applicable period, the engineering, construction plans and specifications or the amendment (as the case may be) is not approved. Any subsequent resubmission of the engineering, construction plans and specifications or the amendment (whether or not revised in response to those comments and any discussions regarding them) will be subject to the same procedures and time periods for review. If the Citizens Parties approve the engineering, construction plans and specifications or the amendment, the Citizens Parties will so notify Developer.

c. Early Commencement. Unless otherwise agreed to in writing by Developer and the Citizens Parties, if Developer begins construction of any Phase I Off-Site Facilities or any On-Site Backbone Facilities before all approvals required by this Agreement have been obtained, any subsequent repair, alteration, inspection or reconstruction necessary to comply with such

approvals will be the sole responsibility of Developer (and the costs of that repair, alteration, inspection or reconstruction will not constitute Developer's Advances).

5.2 Permits, Materials and Labor, Construction.

As and when required to construct all Phase I Off-Site Facilities and On-Site Backbone Facilities set forth on the approved construction plans and specifications in a manner that will enable the Citizens Parties to place them into satisfactory operation as needed to provide timely Water Services and Wastewater Services to the Project, Developer will (a) obtain and pay for all permits, zoning, easements and approvals, including environmental and facility permits (such as aquifer protection permits and underground storage facility permits), but excluding the costs associated with the Citizens Parties' obtaining certificates of convenience and necessity from the Commission or franchises from Buckeye, and (b) provide and pay for all materials and transportation, equipment, power, labor, supervision (including construction management pursuant to contracts with third parties which are not Affiliates of Developer), testing, insurance, bonds and all else so required. Citizens will take all reasonable steps to assist Developer in connection with its applications for those permits, zoning, easements and approvals. Developer may enter into such engineering, design and construction contracts (including construction management contracts with third parties which are not Affiliates of Developer) as Developer deems appropriate in connection with the design and construction of the Phase I Off-Site Facilities and the On-Site Backbone Facilities without approval or review of such contracts by the Citizens Parties. All construction will be consistent with the approved master plan unless the Parties otherwise agree.

5.3 Operational Acceptance.

Promptly upon request by Developer from time to time, and at such other times as the Citizens Parties may reasonably deem necessary or appropriate, the Citizens Parties will inspect all construction of the Phase I Off-Site Facilities and the On-Site Backbone Facilities. The Citizens Parties will conduct inspections within a time period consistent with normal construction procedures after requested by Developer. Developer will comply with the reasonable inspection and testing requirements of the Citizens Parties. No phase of the Phase I Off-Site Facilities or the On-Site Backbone Facilities will be placed in service until (i) such phase has been inspected by the Citizens Parties, (ii) the requirements stated in the next sentence have been satisfied, and (iii) the Citizens Parties have issued their written acceptance of that phase ("Operational Acceptance"). To be eligible for Operational Acceptance, each phase of the Facilities for which Developer requests Operational Acceptance must satisfy the following requirements: (A) Developer has made all submittals and obtained all approvals required in accordance with Section 5.1, (B) the submittals are in accordance with the standards, specifications and other requirements, rules and regulations set forth in Section 5.1(a), (C) Developer has completed construction of such phase (except for final grading adjustments and other minor punch list items), (D) such phase has been successfully tested, and it can be used for its intended purpose, (E) the construction is in accordance with the approved plans and specifications, and (F) such phase is currently necessary for the Citizens Parties to provide Water Services and Wastewater Services. The Citizens Parties will not unreasonably withhold or delay Operational Acceptance of the Facilities or any phase thereof. The Citizens Parties will notify Developer of Operational Acceptance within 15 days after satisfaction of the foregoing

requirements with respect to that phase. Operational Acceptance will be evidenced by written notice by the Citizens Parties to Developer.

5.4 Commencement of Service.

Developer agrees that the completion of its work on the Phase I Off-Site Facilities and the On-Site Backbone Facilities will be timed so as to enable the Citizens Parties to provide Water Services and Wastewater Services when such services are requested by Developer.

5.5 Title.

Each phase of the Facilities will become the property of the appropriate Citizens Party upon issuance by the appropriate Citizens Party of an Operational Acceptance for that phase. Such transfer of the Facilities to the Citizens Parties occurs automatically by operation of this Section, without the requirement of any written documents of transfer to the Citizens Parties. Developer will execute promptly such documents as the Citizens Parties may reasonably request to evidence (a) transfer of possession and title of the Facilities or any phase thereof to the Citizens Parties, and (b) the holding by the Citizens Parties of good and merchantable title to all of the Facilities or any phase thereof, free and clear of all mechanics and similar liens and other encumbrances.

5.6 Warranty.

For 12 months after Operational Acceptance of any phase of the Phase I Facilities and the On-Site Backbone Facilities (the "Developer Warranty Period"), Developer warrants that all construction, including materials and workmanship of such phase is substantially in accordance with the construction plans and specifications, is properly installed and capable of being fully operational, and is free of material defects. If the Citizens Parties believe that any of the foregoing warranties have been violated, the Citizens Parties will provide written notice to

Developer within the Developer Warranty Period specifying the breach and the action the Citizens Parties believe is necessary to correct such breach. Upon the receipt of such written notice, Developer will have a period of 30 days to commence correction of such breach. The Citizens Parties will allow Developer and its agents, employees, contractors, engineers, and subcontractors access to the Facilities in connection with any repairs necessary as a result of such breach. The Citizens Parties will at all times cooperate with Developer and its agents, employees, contractors, engineers, and subcontractors in making such repairs and corrections. As long as Developer completes the repairs and corrections within 60 days after the receipt of the Citizens Parties' notice (or such longer period as may be determined by Developer and the Citizens Parties to be reasonably necessary to effect the repair and correction), Developer will not have additional liability to the Citizens Parties or any other person as the result of such breach. If Developer does not cause the breach to be corrected within that period, then the Citizens Parties may cause the repair or correction, in which case Developer will reimburse the Citizens Parties for their reasonable costs and expenses in connection with the repair and correction.

5.7 Repairs.

Developer will repair or cause to be repaired promptly, at no cost to the Citizens Parties, any damage to the Facilities caused by Developer, its subcontractors, or an Affiliate of Developer, whether or not the cause is related to construction to be performed by Developer under this Agreement.

5.8 Indemnification.

a. By Developer.

Developer will indemnify, save and hold the Citizens Parties harmless from and against all claims, actions, lawsuits, proceedings, losses, liabilities, judgments, damages, costs

and expenses (including reasonable attorneys' fees and court costs) (collectively, "claims") that may be based upon any injury or alleged injury or death to any person or damage to property that may occur, or that may be alleged to have occurred, in the course of the performance of the construction under this Agreement by Developer or by any of its subcontractors or Affiliates, whether such claim is made by any employee of Developer or by a third person, and whether or not it is claimed that the alleged injury, death or damage was caused through a negligent act or omission of Developer, or of any of its subcontractors. This indemnity does not apply to claims arising solely from negligent or intentional acts of any of the Citizens Parties, its agents, servants, employees or Affiliates. In furtherance of (and without limiting) the foregoing, Developer will, at its own cost and expense, pay all costs and other expenses (including reasonable attorneys' fees) of the Citizens Parties arising from any claim, or incurred in connection therewith. In furtherance of (and without limiting) the foregoing, if any judgment is rendered against any of the Citizens Parties in any such claim, Developer will, at its own cost and expense, satisfy and discharge the judgment.

b. By Citizens Parties.

The Citizens Parties will indemnify, save and hold the Developer harmless from and against all claims that may be based upon any injury or alleged injury or death to any person or damage to property that may occur, or that may be alleged to have occurred, in the course of the performance of the construction under this Agreement by the Citizens Parties or by any of its subcontractors or Affiliates, whether such claim is made by any employee of the Citizens Parties or by a third person, and whether or not it is claimed that the alleged injury, death or damage was caused through a negligent act or omission of the Citizens Parties, or of any of its subcontractors. This indemnity does not apply to claims arising solely from negligent or intentional acts of any of

Developer, its agents, servants, employees or Affiliates. In furtherance of (and without limiting) the foregoing, the Citizens Parties will, at its own cost and expense, pay all costs and other expenses (including reasonable attorneys' fees) of Developer arising from any claim, or incurred in connection therewith. In furtherance of (and without limiting) the foregoing, if any judgment is rendered against any of Developer in any such claim, the Citizens Parties will, at its own cost and expense, satisfy and discharge the judgment.

c. Notice and Opportunity to Defend.

i. Notice, Etc. If any person entitled to indemnification under this Section (an "Indemnitee") receives notice of any third-party claim or commencement of any third-party action or proceeding (an "Asserted Liability") with respect to which Developer or the Citizens Parties (as applicable, "Indemnitor") is obligated to provide indemnification pursuant to this Section, the Indemnitee will promptly give all Indemnitors notice thereof. The Indemnitee's failure so to notify an Indemnitor will not cause the Indemnitee to lose its right to indemnification under this Section, except to the extent that such failure materially prejudices the Indemnitor's ability to defend against an Asserted Liability that such Indemnitor has the right to defend against hereunder. Such notice will describe the Asserted Liability in reasonable detail and, if practicable, will indicate the amount (which may be estimated) of the losses that have been or may be asserted by the Indemnitee. Except as provided in Section 5.8(c)(ii), each of the Indemnitors will have the right, but not the obligation, to defend against an Asserted Liability on behalf of the Indemnitee utilizing counsel reasonably acceptable to the Indemnitee, provided that (A) the Indemnitor notifies the Indemnitee in writing within a reasonable time after the Indemnitee has given notice of the Asserted Liability that the Indemnitor will indemnify the Indemnitee from and against all losses the Indemnitee may suffer resulting from, arising out of,

relating to, in the nature of, or caused by the Asserted Liability, (B) the Indemnitor provides the Indemnatee with evidence reasonably acceptable to the Indemnatee that the Indemnitor will have the financial resources to defend against the Asserted Liability and fulfill its indemnification obligations under this Agreement, (C) the Asserted Liability involves only monetary damages and does not seek an injunction or equitable relief or involve the possibility of criminal penalties, and (D) the Indemnitor conducts the defense of the Asserted Liability actively and diligently.

ii. Conflicts. Notwithstanding the foregoing, Indemnitor will not have the right to assume the defense against an Asserted Liability if the Indemnatee reasonably objects to such assumption on the grounds that counsel for such Indemnitor cannot represent both the Indemnatee and the Indemnitor because such representation would be reasonably likely to result in a conflict of interest or because there may be defenses available to the Indemnatee that are not available to such Indemnitor.

iii. Conduct of Defense. As long as the Indemnitor is conducting the defense of the Asserted Liability in accordance with Section 5.8 (c)(i), (A) the Indemnatee may retain separate co-counsel at its sole cost and expense and participate in the defense of the Asserted Liability, (B) the Indemnatee will not consent to the entry of any judgment or enter into any settlement with respect to the Asserted Liability without the prior written consent of the Indemnitor (which will not be unreasonably delayed, conditioned, or withheld), and (C) the Indemnitor will not consent to the entry of any judgment or enter into any settlement with respect to the Asserted Liability without the prior written consent of the Indemnatee (which will not be unreasonably delayed, conditioned or withheld).

iv. Failure to Conduct Defense. In the event or to the extent that any of the conditions set forth in Section 5.8 (c)(i) is not satisfied or ceases to be satisfied, or if the

Indemnitor elects not to assume the defense of an Asserted Liability, or if the Indemnitor has no right to assume the defense of an Asserted Liability under Section 5.8(c)(ii), (A) the Indemnatee may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Asserted Liability and any matter it may deem appropriate in its sole discretion and the Indemnatee need not consult with, or obtain any consent from, the Indemnitor in connection therewith (but will keep the Indemnitor reasonably informed regarding the progress and anticipated cost thereof), (B) the Indemnitor will reimburse the Indemnatee promptly and periodically for the cost of defending against the Asserted Liability (including investigative costs, reasonable attorneys' fees and other expenses), (C) the Indemnitor will remain responsible for any adverse consequences the Indemnatee may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Asserted Liability to the fullest extent provided in this Agreement, and (D) the Indemnitor will be deemed to have waived any claim that its indemnification obligation should be reduced because of the manner in which the counsel for the Indemnatee handled the Asserted Liability.

5.9 Insurance.

Developer will furnish the Citizens Parties with evidence of insurance coverage as set forth on Exhibit F. Such evidence will be furnished prior to the commencement of construction by Developer. Citizens will furnish Developer with evidence of insurance coverage as set forth on Exhibit F.

5.10 Clean-Up.

Upon completion of work, Developer will remove all equipment belonging to it or used under its direction or by its subcontractors, and will dispose of all unused materials, rubbish, surplus excavated materials and debris. Developer will repair all roads, sidewalks and other

public or private rights-of-way damaged by its work. The repairs will be made in accordance with the requirements of governmental bodies or private associations having jurisdiction over the repairs.

5.11 Developer Invoice

For each phase of Facilities construction by Developer, Developer will submit, within sixty (60) days of receiving Operational Acceptance of the Facilities in that phase, Developer's own invoice covering (a) the costs of engineering and construction performed hereunder or otherwise expended by or on behalf of Developer in accordance with Sections 5.1 and 5.2 pertaining to the accepted Facilities, and (b) costs of land, real property and easements allowed under Sections 4.2 and 4.3 (to the extent such costs were not paid at the time of conveyance as contemplated by Section 4.2(b) and (d), together with (i) all bills, statements, invoices and all other evidences of expense received by Developer from subcontractors, suppliers and others for all engineering and other services, materials installed, construction performed, equipment provided and materials purchased pursuant to this Agreement relating to the Facilities in question, and (ii) all reasonable additional supporting data in Developer's possession that the Citizens Parties may request relating to the Facilities in question. The total costs invoiced by Developer and determined by the Citizens Parties to be costs that are described in clauses (a) and (b) above, will constitute Developer's Advances subject to refund pursuant to Section 4.6.

5.12 As-Built Plans.

With respect to any phase of a Facility as to which Operational Acceptance has occurred, Developer will (within 60 days after Operational Acceptance) submit to the Citizens Parties as-built plans for all Facilities constructed by Developer. These plans will be in full-size 4-mil mylar format together with two full size blue-line or blackline copies, unless Developer and

the Citizens Parties mutually agree to electronic data format, half-size bond copies and/or other media. All as-built plans will (a) be certified as to correctness by an engineer registered in the State of Arizona, (b) show the location, sizes, and construction details for all Facilities, and (c) provide all other information required by the Commission and all other regulatory authorities.

5.13 Lien Waivers.

In connection with (and accompanying) each Developer's invoice for a phase of the Facilities submitted under Section 5.11, Developer will provide to the Citizens Parties, for all amounts requested under such invoices, lien waivers from each of the contractors, subcontractors and suppliers of materials and labor under this Agreement whose services or materials are included in the invoice (and releases of any mechanics lien claims).

5.14 Final Acceptance.

For each phase of the Facilities for which Operational Acceptance has occurred, the Citizens Parties will issue their written final acceptance ("Final Acceptance") as to that phase when (a) Developer has made all submittals required in accordance with Sections 5.11, 5.12 and 5.13, (b) Developer has completed construction of such Facilities including final grading adjustments, roadways, sidewalks, and landscaping under which the Facilities are installed, and (c) said submittals are in accordance with the Citizens Parties' standards and said construction is in accordance with the approved plans and specifications. The Citizens Parties will not unreasonably withhold or delay Final Acceptance.

ARTICLE VI

CITIZENS PARTIES SERVICES

6.1 Potable Water Services.

Citizens will provide Potable Water Services within the Project in accordance with rates and tariffs approved by the Commission and, subject to the approved master plan, in sufficient quantities to meet the demand for Potable Water Services generated by the development of the Land in accordance with the land use entitlements approved in the Development Agreement.

6.2 Non-Potable Water Services.

Citizens will provide Non-Potable Water Services within the Project (as specified in the approved master plan) in accordance with rates and tariffs approved by the Commission and, subject to the approved master plan, in sufficient quantities to meet the demand for Non-Potable Water Services generated by the development of the Land in accordance with the land use entitlements approved in the Development Agreement. Developer and Citizens agree that the initial rate to be charged by Citizens for Non-Potable Water Services within the Project shall be \$0.62 per 1000 gallons of non-potable water.

6.3 Wastewater Services.

DistCo will provide Wastewater Services within the Project in accordance with rates and tariffs approved by the Commission and, subject to the approved master plan, in sufficient quantities to meet the demand for Wastewater Services generated by the development of the Land in accordance with the land use entitlements approved in the Development Agreement.

6.4 Approvals Required

Before the Citizens Parties are required to provide Water Services and Wastewater Services to any user, the Facilities from which the service is to be provided must have been granted Operational Acceptance by the Citizens Parties.

6.5 Residential and Commercial On-Site Development.

Before the Citizens Parties are required to provide Potable Water Services and Wastewater Services to a specific subdivision, commercial property or other user which is not directly connected to the On-Site Backbone Facilities, the Builder will be required to enter into line extension agreements with each of the Citizens Parties, in accordance with Section 7.1.

6.6 Failure to Pay

The Citizens Parties will not be obligated to provide Potable Water Services or Wastewater Services to any customer that has not paid in full the Builders' Fees attributable to the customer's property.

6.7 Construction of Future Facilities

The Citizens Parties will construct all Subsequent Off-Site Facilities required to provide Water Services and Wastewater Services to the Project. The Citizens Parties agree that the completion of their work on the Subsequent Off-Site Facilities will be timed so as to enable the Citizens Parties to provide Water Services and Wastewater Services when those services are requested by Developer.

6.8 Assured Water Supply.

As of the date of this Agreement, Citizens has not been designated as having an assured water supply pursuant to A.R.S. § 45-576(D). Until such time as Citizens has been so designated, if ever, Developer or Builder must seek and obtain Certificates of Assured Water

Supply in accordance with A.R.S. § 45-576(A) as a prerequisite for subdividing and developing the property. Citizens will take all reasonable steps to assist Developer or Builder in connection with applications by Developer or Builder for assured water supply including, but not limited to, (a) executing Notices of Intent to Serve required by the Arizona Department of Water Resources (the "ADWR") in connection with such applications, and (b) entering into such contracts and recording such declarations as may reasonably be required by the Central Arizona Groundwater Replenishment District pursuant to A.R.S. §§ 48-3774(C) and 48-3772(B)(4) which are required in order for the Project to qualify as "member land" under § 48-3774.

ARTICLE VII

BUILDER'S OBLIGATIONS

7.1 Line Extension Agreement

Before constructing within the Project any residential homes, commercial properties, schools, parks, churches or other improvements which will receive Potable Water and Wastewater Services, a Builder will be required to enter into line extension agreements with each of the Citizens Parties, in accordance with Citizens' and DistCo's then current tariffs and rules and regulations approved by the Commission, providing for (a) construction and transfer to the Citizens Parties of the phase of the On-Site Subdivision Facilities serving the specific subdivisions or commercial property and (b) providing for payment of the Builders' Fees. Notwithstanding the foregoing, a Builder constructing improvements which will receive Potable Water and Wastewater Services directly from On-Site Backbone Facilities constructed by Developer will not be required to enter into a line extension agreement, but will be required to pay the Builders' Fees. Developer will notify all Builders of this obligation prior to making land available to Builder for development.

7.2 Water Facilities Hook-Up Fee

The Citizens Parties intend to apply to the Commission for a tariff allowing the Citizens Parties to charge Builders a fee per ERU within Citizens and DistCo's respective certificates of convenience and necessity for purposes of funding the construction costs of the Subsequent Off-Site Facilities (a "Water Facilities Hook-Up Fee"). The Citizens Parties will apply to the Commission for a Water Facilities Hook-Up Fee tariff in an initial amount of \$1,500.00 per ERU for Potable Water Service and \$750.00 per ERU for Wastewater Service. Thereafter, the Citizens Parties will diligently pursue the tariff application. Approval by the

Commission of the Water Facilities Hook-Up Fee will not be a condition to the Citizens Parties obligations under this Agreement. Developer acknowledges that the tariff is subject to being changed by the Commission from time to time.

7.3 Project Facilities Fee.

During any period in which a Water Facilities Hook-Up Fee tariff approved by the Commission is not in effect, Developer will pay or cause Builders to pay to the Citizens Parties \$1,500.00 per ERU for Potable Water Services and \$750.00 per ERU for Wastewater Services (a "Project Facilities Fee"). Payments of the Project Facilities Fee will be made prior to the Citizens Parties' setting meters for Potable Water Services at a subdivision, commercial development or other user in the Project. One payment of the Project Facilities Fee will be submitted for all ERUs in a subdivision or commercial development or other user. The Citizens Parties will use the Project Facilities Fee solely to fund construction of Subsequent Off-Site Facilities. All Project Facilities Fees will be a non-refundable contribution in aid of construction. The Project Facilities Fee is not applicable during any period in which a Water Facilities Hook-Up Fee tariff approved by the Commission is in effect.

7.4 Central Arizona Project Hook-Up Fee

Citizens has applied to the Commission for a tariff allowing Citizens to charge Builders a fee within Citizens' certificate of convenience and necessity for purposes of recovering certain Central Arizona Project expenses. Approval by the Commission of the Central Arizona Project Hook-Up Fee will not be a condition of the Citizens Parties' obligations under this Agreement. Developer acknowledges that the tariff is subject to being changed by the Commission from time to time.

7.5 Developer Notification

Developer covenants and agrees that, when the Declaration of Covenants, Conditions and Restrictions pertaining to the Project is recorded in the office of the county recorder of Maricopa County, the Declaration will contain a notice that every connection to the Facilities will require payment to the Citizens Parties of both of the Builders' Fees on the earlier of (I) when a building permit is issued with respect to each improvement that is to be constructed on a lot or parcel and that is to use water, (II) when a meter is installed for that improvement, or (III) when operational acceptance is issued for the water or wastewater facilities constructed to serve said improvement.

ARTICLE VIII
CONSTRUCTION WATER

8.1 Construction Water.

a. Usage. All construction water provided by Citizens is to be metered and charged to Developer or other users. If approved by Citizens, water required for construction of Facilities may be unmetered. If the water is unmetered, Citizens will estimate the amount of unmetered water used and charge Developer or other user for the water. Water will not be withdrawn from any hydrant or other facility of Citizens without the prior consent of Citizens.

b. Payment. Developer will pay Citizens for Potable Water and Non-Potable Water used for construction purposes in accordance with rates and tariffs approved by the Commission.

8.2 Construction Meters.

For construction water purposes, on reasonable request of Developer or a Builder, temporary meters for construction uses will be at no charge to Developer other than the actual costs of installation.

ARTICLE IX
REPRESENTATIVES

9.1 Authorized Representatives.

a. Authority to Act.

Each Party will designate at least one individual officer or employee who will be its representative ("Representative"). The Representative is authorized to act on behalf of the Party in performing the provisions of this Agreement that specifically refer to that Representative. A Party may designate more than one Representative. The designation may be changed from time to time. The designation must be made in a writing.

b. No Release.

Each Party is responsible for the acts or omissions of its Representative(s). The designation of a Representative by a Party does not release the Party from responsibility for performance of its obligations under this Agreement.

ARTICLE X
DISPUTE RESOLUTION

10.1 Scope of Article.

This Article governs the resolution of all disputes that arise under this Agreement.

10.2 Good Faith Negotiations

A Party that believes a dispute exists under this Agreement will first refer the dispute to the Representatives for resolution. The Representatives of each Party will personally meet and attempt in good faith to resolve the dispute. If the Representatives cannot resolve the dispute within seven days, the matter will be referred to senior management of Developer and Citizens for resolution. If these persons are unable to resolve the dispute within seven days thereafter, a Party that still believes a dispute requires resolution may avail itself of the provisions of Section 10.3.

10.3 Mediation and Arbitration.

If a Party still believes a dispute requires resolution after following the procedures of Section 10.2, that Party will first give a detailed written notice of dispute to the other Parties setting forth the nature of the dispute. The Parties will then, before resorting to arbitration, first try in good faith to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under its Construction Industry Arbitration Rules or Commercial Arbitration Rules, as appropriate. The mediator must have substantial experience with the water utility industry and with real estate development.

Any dispute not resolved by mediation within 30 days after the initial meeting of the Representatives will, upon request of any Party, be submitted for and settled by binding arbitration administered by the AAA before a single arbitrator. If the controversy or claim relates

to construction, the arbitration will be conducted in accordance with the AAA's Construction Industry Arbitration Rules; otherwise, the AAA's Commercial Arbitration Rules will apply. In any case the arbitrator must have substantial experience with the water utility industry and with real estate development. The arbitrator has no power to amend or modify this Agreement. Judgment on the award rendered by the arbitrator may be entered in any court with jurisdiction.

10.4 Other Remedies.

The preceding paragraphs of this Article are intended to set forth the primary procedure to resolve all disputes under this Agreement. It is expected that all disputes that would traditionally be resolvable by a law court would be resolvable under this procedure. However, the Parties recognize that certain business relationships could give rise to the need for one or more of the Parties to seek equitable remedies from a court that were traditionally available from an equity court, such as emergency, provisional or summary relief, and injunctive relief. Immediately following the issuance of any such equitable relief, the Parties will stay any further judicial proceeding pending mediation or arbitration of all underlying claims between the Parties.

The Parties also recognize that the Commission has primary jurisdiction over certain issues that may arise between and among the Parties that relate to the provision of public utility service. Accordingly, this Article is not intended to prohibit any Party from bringing any such issues to the Commission for resolution or from taking any position at the Commission that would not be inconsistent with or barred by this Agreement or by collateral estoppel, res judicata or other issue or fact preclusive doctrines.

Within 30 days after the date of the arbitration award, a Party may appeal to the U.S. District Court for the District of Arizona if such court has jurisdiction, and otherwise to any

state court of record in Arizona having jurisdiction, to vacate and remand, or modify or correct the arbitration award for any of the grounds specified in the Federal Arbitration Act.

10.5 Confidentiality.

The mediation and arbitration proceedings will be conducted in secrecy. Except as otherwise agreed by the Parties in writing, (a) the fact of the pending mediation or arbitration will not be disclosed or confirmed by the Parties, the mediator or the arbitrator to any person who is not a party to, or called to testify at, the proceedings until the mediation has been terminated or the arbitration award has been made, (b) the proceedings will not be recorded or transcribed in any manner, and (c) all documents, testimony and records (other than the contract documents out of which the dispute arises) will be received, heard and maintained by the mediator and the arbitrator in secrecy, available for inspection only by the Parties, their attorneys and by experts who will agree, in advance and in writing, to receive all such information in secrecy. The secret information will not be described in any mediator communication or in the arbitration award in such manner as to be commercially useful. Notwithstanding the foregoing, (i) if Owner has executed and delivered to the Citizens Parties an unqualified undertaking to be bound by the provisions of this Section (including an undertaking that Owner will be deemed to a "Party" for purposes of this Section), Developer may make disclosures to Owner regarding the mediation and arbitration proceedings, and (ii) this Section is not intended to prohibit any Party from making disclosures regarding the mediation and arbitration proceedings to a court to the extent (and only to the extent) necessary in connection with an appeal permitted by Section 10.4, provided the Party requests the court to preserve the secrecy of the mediation and arbitration proceedings and the information pertaining thereto.

ARTICLE XI

GENERAL PROVISIONS

11.1 Subdivision Trust and Master Agreement.

a. Creation of Subdivision Trust.

i. Condition Subsequent. Notwithstanding anything to the contrary contained herein, the Parties' rights and obligations under this Agreement (including Developer's obligation to construct the Facilities and the Citizens Parties' obligation to provide Water Services and Wastewater Services under this Agreement) are conditioned upon (A) Developer and Owner establishing the Subdivision Trust and (B) the conveyance of all (but not less than all) of the Caterpillar Land to the trustee under the Subdivision Trust, except that up to 40 acres of the Caterpillar Land may be retained by Owner and not conveyed to the trustee under the Subdivision Trust if the retaining of such acreage does not (x) cause any portion of the land held by such trustee to be noncontiguous with any other portion of the land so held and (y) in any material respect adversely affect the construction, operation and maintenance of the Facilities or the On-Site Subdivision Facilities or impair the ability of the Parties to perform their respective obligations under this Agreement. Developer will notify the Citizens Parties immediately upon the establishment of the Subdivision Trust and the conveyance of the Caterpillar Land to the trustee under the Subdivision Trust. Upon that notification, the Parties' rights and obligations under this Agreement will become immediately and automatically effective.

ii. Failure of Condition. If the conveyance of the Caterpillar Land to the trustee under the Subdivision Trust does not occur on or before September 30, 2003 (or such later date as Developer and the Citizens Parties may mutually agree in writing), then this Agreement will be deemed automatically to have been terminated (and to be of no further force

or effect) as of that date. Thereafter, if Owner or Developer has reimbursed the Citizens Parties for all costs paid or incurred by the Citizens Parties in connection with this Agreement (including the costs of obtaining the Authorizations), Owner may request the withdrawal of the Caterpillar Land from the certificates of convenience and necessity of the Citizens Parties, and the Citizens Parties will not object to such request.

b. Termination of Developer's Interest.

i. Termination of Master Agreement or Forfeiture under Subdivision Trust. Developer represents and warrants that the Master Agreement (i) permits either Owner or Developer to terminate the Master Agreement under certain circumstances, and (ii) requires Developer, if so requested by Owner in connection with such a termination, to assign its rights and delegate its obligations under this Agreement to Owner. In addition, Developer represents, warrants and covenants that the trust agreement establishing the Subdivision Trust will provide that Developer's interest in the Subdivision Trust is subject to forfeiture and that Owner may secure Developer's obligations under the Subdivision Trust by means of a collateral assignment or other encumbrance of Developer's interest in this Agreement. Developer will (or will cause Owner to) notify the Citizens Parties within five days after the effective date of (A) the termination of the Master Agreement or (B) the forfeiture of Developer's interest in the Subdivision Trust (a "Termination Notice").

ii. Assignment to Owner. If this Agreement has not been previously terminated pursuant to Section 11.1(a)(ii), the rights and obligations of Developer under this Agreement may be delegated and assigned to Owner in connection with any such termination or forfeiture if and only if both:

A. The Termination Notice also contains a request by Owner that such rights and obligations be so delegated and assigned (or, if the Termination Notice was given by Developer, Owner notifies the Citizens Parties within 60 days after the Termination Notice that Owner so requests such delegation and assignment) (such request in either form being a "Request for Assignment").

B. The Request for Assignment is accompanied by an original counterpart of a written assignment and assumption agreement in the form attached as Exhibit H executed (in the case of termination of the Master Agreement) by both Developer and Owner or (in the case of forfeiture of Developer's interest in the Subdivision Trust) by Owner (the "Assignment and Assumption Agreement").

In such event, (I) the Citizens Parties will be deemed to have consented to the delegation and assignment by Developer to Owner of the rights and obligations of Developer under this Agreement and the assumption thereof by Owner, (II) Owner will be deemed a Party to this Agreement and obligated to perform all of the remaining obligations of Developer under this Agreement, provided, however, that Developer will not be released from those obligations, (III) if the condition stated in Section 11.1(a)(i) has not yet been satisfied, such condition will be deemed satisfied, and (IV) this Agreement will not be assignable by Owner without the advance consent of the Citizens Parties in accordance with Section 11.4. If a Termination Notice is given and the conditions set forth in clauses (i) and (ii) above are not timely satisfied, (x) Owner will have no obligations whatsoever under this Agreement, and (y) this Agreement will be deemed automatically to have been terminated (and to be of no further force or effect) as of that date.

c. Limitations on Responsibilities of the Citizens Parties. With respect to this Section:

i. The Citizens Parties have no responsibility as to the validity of the Master Agreement, the trust agreement establishing the Subdivision Trust or of any security agreement or other encumbrance entered into in connection with either of the foregoing (collectively, the "Caterpillar/DMB Documents") or of the Assignment and Assumption Agreement, or as to the correctness of any statement contained in any of the foregoing, and the Citizens Parties will not be required to inquire as to the correctness of such statement or as to the performance of any obligation under the Caterpillar/DMB Documents.

ii. The Citizens Parties will be protected in acting on the Termination Notice, the Request for Assignment, the Assignment and Assumption Agreement and any other written notice, request, waiver, consent, receipt, resolution, order, certificate, report, opinion or other paper or electronic document submitted to either of them in connection with this Section, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth of any information therein contained. Whenever the Citizens Parties deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action pursuant to this Section, the matter may be deemed conclusively proved and established by a certificate signed by both Developer and Owner (or, in the case of forfeiture of Developer's interest in the Subdivision Trust, by Owner), and that certificate will be full warranty for any action taken or suffered by the Citizens Parties pursuant to this Section.

iii. Developer will (and, if the Assignment and Assumption Agreement executed by Owner is delivered to the Citizens Parties, Developer and Owner jointly and severally will) indemnify and hold the Citizens Parties and their respective directors,

employees, officers, agents, successors and assigns harmless from and against any and all losses, claims, damages, liabilities and expenses, including reasonable costs of investigation and counsel fees and expenses, that may be imposed on or incurred by any of them in connection with the Caterpillar/DMB Documents or the acceptance of the Assignment and Assumption Agreement. The foregoing indemnity includes losses, claims, damages, liabilities and expenses incurred in connection with any mediation, arbitration, litigation or other proceeding arising from the Caterpillar/DMB Documents, the Assignment and Assumption Agreement or involving the subject matter of this Section. The indemnification provisions contained in this paragraph are in addition to any other rights any of the foregoing persons may have at law or otherwise and will survive the termination of this Agreement.

11.2 Phased Development.

Development in the Project is intended to be performed in mutually agreeable phases as set forth in the master plan described in Article III. Developer and the Citizens Parties will schedule engineering and construction of Facilities to coincide with those phases. This Agreement applies to each phase.

11.3 Force Majeure.

No Party will be liable to another Party for failure, default or delay in performing any of its obligations under this Agreement, other than for the payment of money obligations specified in this Agreement, if such failure, default or delay is the result of any cause or event not within the control of the Party affected and which, by the exercise or reasonable diligence, such Party is unable to prevent or mitigate (such a cause or event being "Force Majeure"). Force Majeure does not include changes in local, state, national or international general economic conditions. The Party's failure, default or delay in performance will be excused only for as long

as such cause or event is present. If any of the foregoing occur, the Parties will proceed with diligence to do what is reasonable and necessary so that each Party may perform its obligations under this Agreement. The Citizens Parties and Developer will not in any event incur any liability to one another or to any other Party for consequential or any other damages which may result from delays in initiating service, or from interruptions in or other malfunctions of service, based upon the foregoing circumstances.

11.4 Assignment.

This Agreement may be assigned by a Party to a parent corporation of which it is a wholly-owned subsidiary, or to a wholly-owned subsidiary of the parent, or to a wholly-owned subsidiary of a wholly-owned subsidiary of the parent or another entity wherein Developer or Citizens has a controlling interest, provided that the Party making such assignment will be a guarantor of the full and faithful performance of this Agreement by the assignee and executes documents to that effect as may reasonably be required by counsel for the other Parties. Additionally, the Citizens Parties may assign this Agreement to American Water Works Company, Inc., Arizona-American Water Company or any subsidiary thereof, and Developer may assign this Agreement to Owner pursuant to Section 11.1. This Agreement will not be otherwise assignable by a Party without the consent in advance of the other Parties to this Agreement, which consent will not be unreasonably withheld or delayed. If (after this Agreement has been assigned to Owner pursuant to Section 11.1) the assignment is made by Owner to a third party for development of the Project and otherwise complies with this Section, then Owner will have no responsibility for construction of Facilities that have not been constructed as of the date of the assignment or for any other obligation or liability of Developer arising under this Agreement after such assignment (but any indemnification obligations of

Owner will continue with respect to events or circumstances occurring or arising while Owner was a Party). For purposes of this Section, "assignment" includes (a) any transfer or delegation by a Party of any right or obligation of such Party arising under this Agreement, including any collateral assignment or other encumbrance of an interest in this Agreement, (b) any sale of substantially all of the assets of a Party, (c) any merger of a Party with another person, and (d) any change in control of a Party. For purposes of this Section, "change in control" means a transaction or series of transactions, such that any person (as that term is used in Sections 13 and 14(d)(2) of the Securities Exchange Act of 1934), excluding Affiliates of the Party as of the date of this Agreement, is or becomes the beneficial owner (as that term is used in Section 13(d) of such Act) directly or indirectly, of securities of the Party representing 50% or more of the combined voting power of the Party's then outstanding securities.

11.5 Notices.

Except as otherwise specified in this Agreement, any notice, demand, request or other communication required or authorized by this Agreement to be given in writing to a Party must be either (a) personally delivered, (b) mailed by registered or certified mail (return receipt requested), postage prepaid, (c) sent by overnight express carrier, or (d) sent by telecopy or electronic mail, in each case at the following address:

To the Developer addressed as follows:

DMB White Tank, L.L.C.
c/o DMB Associates, Inc.
Attn: General Manager – WhiteStone Project
7600 East Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258-2137

with a copy to:

Margaret R. Gallogly
Fennemore Craig, P.C.
3003 North Central, Suite 2600
Phoenix, Arizona 85012-2913

or to such other address as Developer may advise the Citizens Parties in writing, and to the Citizens Parties at:

Citizens Water Resources
Attn: General Manger
15626 N. Del Webb Boulevard
P.O. Box 1687
Sun City, Arizona 85372

or to such other address as Citizens or DistCo may advise Developer in writing. The designation of such person and/or address may be changed at any time by either Party upon written notice given under this Section. All notices, demands, requests or other communications sent pursuant to this Section will be deemed received (i) if personally delivered, on the business day of delivery, (ii) if sent by telecopy or electronic mail before noon (12:00 p.m.) Phoenix time, on the day sent if a business day or, if such day is not a business day or if sent after noon (12:00 p.m.) Phoenix time, on the next business day, (iii) if sent by overnight express carrier, on the next business day immediately following the day sent, or (iv) if sent by registered or certified mail, on the earlier of the third business day after the day sent or when actually received. Any notice by telecopy or electronic mail will be followed by delivery on the next business day by overnight express carrier or by hand.

11.6 Entire Agreement; Attachments.

a. Entire Agreement.

This Agreement (including all exhibits and any other attachments) constitutes the entire understanding between the Parties regarding the subject matter of this Agreement, supersedes any and all previous understandings between the Parties (including any letter of intent) regarding the subject matter of this Agreement, and binds and inures to the benefit of the Parties, their successors and assigns. None of the Parties has entered into this Agreement in reliance upon any oral or written representation or information provided by any other Party.

b. Attachments.

Attachments not complete at the effective date of this Agreement will be added as they are completed by written amendment, signed by each Party. Each attachment that is completed or modified by a subsequent amendment will note on its face the date and number of that amendment.

11.7 Further Assurances.

If a Party determines in its reasonable discretion that any further instruments, assurances or other things are necessary or desirable to carry out the terms of this Agreement, the other Parties will execute and deliver all instruments and assurances and do all things reasonably necessary or desirable to carry out the terms of this Agreement, including using their best efforts to negotiate and enter into any agreements that may become necessary and appropriate.

11.8 No Waiver.

The failure of a Party to enforce at any time any of the provisions of this Agreement (or to require at any time performance by the other Party of any of its provisions) is

not to be construed as a waiver of such provisions and does not in any way affect the validity of this Agreement or the right of such Party to enforce any provision.

11.9 Modification or Waiver.

A modification or waiver of all or any part of this Agreement is not valid unless it is reduced to a written agreement.

11.10 Governing Law and Interpretation.

The laws of the State of Arizona govern the interpretation and performance of this Agreement.

11.11 Counterparts.

This Agreement may be executed in several counterparts.

11.12 No Third Party Beneficiaries.

Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Parties. Notwithstanding the foregoing, Owner will be entitled to enforce compliance by the Citizens Parties with the provisions of Section 11.1(c) (regarding assignment to Owner) and the last sentence of Section 11.1(d) (regarding withdrawal of the Project from the certificates of convenience and necessity of the Citizens Parties), if and to the extent such provisions become applicable. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third person to any Party. This Agreement does not create any duty, liability or standard of care to any person not a Party.

11.13 Confidential and Proprietary Information.

Any information provided by one Party to another Party that is conspicuously labeled "CONFIDENTIAL AND PROPRIETARY," or any matter derived from such

information, may not be disclosed by the receiving Party to any third party, except: (i) with the providing Party's consent, not to be unreasonably withheld, (ii) pursuant to a subpoena or other legal process or pursuant to a court order or a regulatory authority order obtained after the receiving Party has used reasonable efforts to obtain an order of the court protecting the confidentiality of the information and/or restricting its dissemination, (iii) if such dissemination is necessary after the occurrence of a default under this Agreement by the Party supplying such information in connection with the enforcement of the rights of the non-defaulting Party, (iv) if the information provided by one Party to another Party is otherwise publicly available, or (v) the disclosure is made only to a person which has become an assignee of a Party in accordance with Section 11.1(c) or 11.4. If a Party that receives confidential information becomes aware of any attempt by any third party or court to obtain any confidential information, the Party will, as soon as practicable thereafter, notify the Party that labeled the information as confidential of the attempt to obtain the information. Upon request of the providing Party, the information must be promptly returned.

11.14 Review of Facilities.

Review, audit or inspection by the Citizens Parties of a Facility constructed by Developer or of a document drafted by Developer does not constitute an endorsement or warranty of any of them, or a waiver of any right under this Agreement.

11.15 Regulatory Approvals.

This Agreement is subject to approval by the Commission.

11.16 Computation of Time.

In computing any period of time prescribed or allowed under this Agreement, the day of the act, event or default from which the designated period of time begins to run is included. Weekend and holidays are also included.

11.17 No Party the Drafter.

This Agreement is the product of negotiation between the Developer and the Citizens Parties. No Party is deemed the drafter of this Agreement.

11.18 Interest on Late Payments.

Except as otherwise provided herein, all payments under this Agreement that are not paid within 30 days of the due date of the payment will accrue interest thereon at the Prime Rate plus two percent (2%) per annum, compounded monthly from the due date of the payment until the amount is paid.

11.19 Audit Rights.

Developer and the Citizens Parties may, from time to time at the cost of the auditing party and upon reasonable advance notice, audit the books and records of the other Party and its Affiliates with respect to information arising out of this Agreement.

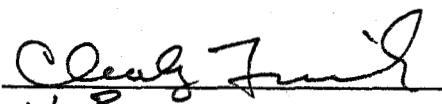
[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be entered into on the day and year first above written.

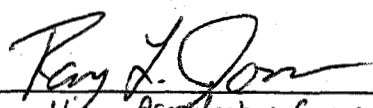
DMB WHITE TANK, L.L.C., an Arizona limited liability company

By: DMB REALCO LLC, an Arizona limited liability company, Manager

By: DMB Associates, Inc., an Arizona corporation, Manager

By: 
Its: V.P.

CITIZENS COMMUNICATIONS COMPANY

By: 
Its: Vice President & General Manager

CITIZENS WATER SERVICES COMPANY OF ARIZONA

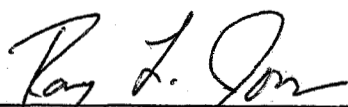
By: 
Its: Vice President & General Manager

EXHIBIT A
DEFINITIONS

“AAA” means the American Arbitration Association.

“ADWR” means the Arizona Department of Water Resources.

“Affiliate” means any person (other than an individual) which directly or indirectly controls, is controlled by, or is under common control with, another person. For purposes of this definition, “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether by contract or otherwise.

“Agreement” means this Agreement dated as of November 1, 2000, among Developer, Citizens and DistCo, including all exhibits and any other attachments, as amended from time to time.

“Asserted Liability” has the meaning set forth in Section 5.8(c)(i).

“assignment” has the meaning set forth in Section 11.4.

“Assignment and Assumption Agreement” has the meaning set forth in Section 11.1(c)(ii).

“Authorizations” means certificates of convenience and necessity, permits, licenses, operating agreements, franchises, and similar authorizations obtained from regulatory agencies and other governmental entities and required by law to provide Wastewater Services and Water Services and to operate the Facilities as contemplated in this Agreement.

“Buckeye” means the Town of Buckeye, Arizona.

“Builder” means any person or entity (including Developer or an Affiliate of Developer) that constructs residential homes, commercial properties, schools, parks, churches, landscaping or other improvements within the Project that are connected directly or indirectly to any of the Facilities.

“Builders’ Fees” means (a) the Water Facilities Hook-Up Fee or Project Facilities Fee, as applicable, and (b) the Central Arizona Project Hook-Up Fee.

other improvements within the Project that are connected directly or indirectly to any of the Facilities.

"Builders' Fees" means (a) the Water Facilities Hook-Up Fee or Project Facilities Fee, as applicable, and (b) the Central Arizona Project Hook-Up Fee.

"Caterpillar/DMB Documents" has the meaning set forth in Section 11.1(e)(i).

"Caterpillar Land" has the meaning set forth in Recital A.

"Central Arizona Project Hook-Up Fee" has the meaning set forth in Section 7.4.

"change in control" has the meaning set forth in Section 11.4.

"Citizens" means Citizens Communications Company, a Delaware corporation.

"Citizens Parties" means Citizens and DistCo.

"claims" has the meaning set forth in Section 5.8(a).

"Commission" means the Arizona Corporation Commission.

"DMB Land" has the meaning set forth in Recital C.

"Defense Costs" has the meaning set forth in Section 5.8(c)(ii).

"Developer" means DMB White Tank, L.L.C., an Arizona limited liability company.

"Developer's Advances" has the meaning set forth in Section 4.5.

"Developer Warranty Period" has the meaning set forth in Section 5.6.

"Development Agreement" has the meaning set forth in Recital E.

"DistCo" means Citizens Water Services Company of Arizona, an Arizona corporation.

"ERU" means an Equivalent Residential Unit, which is that portion of a residential or commercial unit receiving Potable Water Services or Wastewater Services from the Citizens Parties. An ERU will be counted at the time of first receipt of such service, notwithstanding any

subsequent cessation and resumption of such service. ERUs for various facilities are determined under the following schedule:

<u>Type of Improvement</u>	<u>Associated ERU</u>
Single Family Homes	1.00
Multifamily Units	0.50
Commercial Units (per acre)	4.00
Resorts (per room)	0.50
Parks acreage, Golf Courses acreage, and Right-of-way Landscaping acreage	0.00

For purposes of this definition, "single family home" means a detached residential house or dwelling to be resided in by a single family and used solely for residential purposes and not for commercial, nonprofit or other purposes (and expressly excludes duplexes or other structures having one or more common walls). For purposes of this definition, "multifamily unit" means an apartment, condominium, townhouse or other unit within a residential dwelling (other than a single family home) to be resided in by a single family and used solely for residential purposes and not for commercial, nonprofit or other purposes. For purposes of this definition, "commercial units" includes general commercial facilities, schools, and community facilities (including recreation centers, clubhouses and similar structures, but excluding parks acreage, golf courses acreage and right-of-way landscaping acreage).

"Facility" or "Facilities" means the Off-Site Facilities and the On-Site Backbone Facilities.

"Final Acceptance" has the meaning set forth in Section 5.14.

"Force Majeure" has the meaning set forth in Section 11.3.

"Indemnatee" has the meaning set forth in Section 5.8(c)(i).

"Indemnitor" has the meaning set forth in Section 5.8(c)(i).

"Land" has the meaning set forth in Recital C.

"Master Agreement" has the meaning set forth in Recital A.

"Non-Potable Water Services" means storage and distribution of surface water, effluent, recovered effluent, recovered surface water, groundwater and water from any other source (including CAP water) which is not suitable for human consumption for construction, golf courses, golf practice facilities, golf storage lakes, schools, parks, common areas, lake fill, landscape irrigation or other like purposes.

"Off-Site Facilities" means the facilities (whether or not located within the Project) required for (a) production, treatment, transmission, and storage of potable water and non-potable water, including (i) the facilities required to deliver water to the Project from either the existing Citizens system or wells to be drilled or acquired after the date of this Agreement, (ii) any storage facilities for potable water and non-potable water located within the Project, and (iii) distribution pumping equipment located at a treatment or storage site, and (b) the wastewater treatment plant, recovery and recharge facilities and associated facilities.

"On-Site Backbone Facilities" means (a) all facilities (other than Off-Site Facilities) located within the Project boundaries constructed by Developer and required for Citizens and DistCo to transport potable water or untreated wastewater between the On-Site Subdivision Facilities and the Off-Site Facilities, and (b) the non-potable water distribution system.

"On-Site Subdivision Facilities" means all facilities located within the Project boundaries, excepting Off-Site Facilities and On-Site Backbone Facilities, constructed by Builders and required for Citizens and DistCo to provide Water Service or Wastewater Service to individual residential

homes, commercial properties, schools, parks, churches or other improvements within the Project, including the potable water distribution system and the wastewater collection system.

"Operational Acceptance" has the meaning set forth in Section 5.3.

"Owner" means Caterpillar Foundation, an Illinois not-for-profit corporation.

"Party" and "Parties" means Developer and the Citizens Parties.

"Phase I Off-Site Facilities" means the portion of the Off-Site Facilities to be constructed by Developer and required for Citizens and DistCo to provide initial Water Services and Wastewater Services to the Project, including sizing of the foregoing to accommodate future Water Services and Wastewater Services to the Project. The Parties contemplate that the Phase I Off-Site Facilities will be of the nature described in Exhibit G. (Exhibit G is intended only to be illustrative and is not intended to be a definitive delineation or specification of the actual Phase I Off-Site Facilities; it is contemplated that such actual Facilities may omit, vary or add to the items set forth on that Exhibit.)

"Potable Water Services" means production, storage, treatment and distribution of water which is fit for human consumption to individual residential homes, commercial properties, resorts, schools, parks, churches or other improvements.

"Project" has the meaning set forth in Recital D.

"Project Facilities Fee" has the meaning set forth in Section 7.3.

"Refunds" has the meaning set forth in Exhibit E.

"Representative" has the meaning set forth in Section 9.1.

"Request for Assignment" has the meaning set forth in Section 11.1(c)(i).

"Subdivision Trust" has the meaning set forth in Recital B.

"Subsequent Off-Site Facilities" means the portion of the Off-Site Facilities to be constructed by the Citizens Parties after completion of the Phase I Off-Site Facilities by Developer.

"Termination Notice" has the meaning set forth in Section 11.1(b).

"Water Facilities Hook-Up Fee" has the meaning set forth in Section 7.2.

"Water Services" means Potable Water Services and Non-Potable Water Services.

"Wastewater Services" means collection, treatment and disposal of wastewater from individual residential homes, commercial properties, schools, parks, churches or other improvements.

EXHIBIT B

LEGAL DESCRIPTION OF LAND

September 21, 2000

WP #97678.03

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Exhibit "B"
PARCEL DESCRIPTION
Caterpillar Foundation
&
DMB White Tank LLC
The Caterpillar Property
Water/Wastewater Agreement

PARCEL "A"

PARCEL NO. 1:

The South half of Section 20, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 3:

Lots 1, 2, 3 and 4, the East half of the West half, and the East half of Section 7, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 4:

That portion of Section 19, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner of said Section 19, said point being a G.L.O. brass cap which bears South 01 degrees 16 minutes 12 seconds East along the West line of said Section 19, a distance of 12.38 feet from the Southeast corner of Section 24, Township 2 North, Range 3 West;

THENCE North 00 degrees 05 minutes 12 seconds West, continuing along said West line, a distance of 1662.38 feet;

THENCE North 89 degrees 34 minutes 51 seconds East, a distance of 1787.58 feet;

THENCE North 49 degrees 16 minutes 47 seconds East, a distance of 1245.15 feet;

Exhibit "B"

PARCEL DESCRIPTION

Caterpillar Foundation

&

DMB White Tank LLC

The Caterpillar Property

Water/Wastewater Agreement

September 21, 2000

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THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 2304.31 feet to a point of curvature of a tangent curve concave to the West;

THENCE Southerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 40 degrees 17 minutes 40 seconds, and an arc length of 703.27 feet to a point of tangency;

THENCE South 00 degrees 25 minutes 33 seconds East, a distance of 63.42 feet to a point on the South line of the Southeast quarter of said Section 19;

THENCE South 89 degrees 34 minutes 27 seconds West along said South line, a distance of 1832.76 feet to the South quarter corner of said Section 19;

THENCE South 89 degrees 34 minutes 51 seconds West along the South line of the Southwest quarter of said Section 19, a distance of 2641.88 feet to the **TRUE POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 5:

That portion of Section 19, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

COMMENCING at the Northwest corner of said Section 19, said point being a ½ inch ACP stamped LS 19324;

THENCE South 00 degrees 08 minutes 44 seconds East along the East line of Section 24, Township 2 North, Range 3 West, a distance of 856.96 feet to the **TRUE POINT OF BEGINNING**, said point being on the arc of a non-tangent curve concave to the Northwest, a radial line of said curve through said point having a bearing of South 22 degrees 42 minutes 19 seconds East;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 03 degrees 02 minutes 28 seconds, and an arc length of 79.62 feet to a point of tangency;

THENCE North 64 degrees 15 minutes 13 seconds East, a distance of 1571.18 feet to a point of curvature of a tangent curve concave to the South;

THENCE Easterly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 25 degrees 33 minutes 20 seconds, and an arc length of 669.05 feet to a point on the North line of said Section 19;

THENCE North 89 degrees 48 minutes 33 seconds East along said North line, a distance of 150.00 feet;

Exhibit "B"

PARCEL DESCRIPTION

Caterpillar Foundation

&

DMB White Tank LLC

The Caterpillar Property

Water/Wastewater Agreement

September 21, 2000

WP#97678.03

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THENCE South 04 degrees 07 minutes 50 seconds West, a distance of 1265.21 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a radius of 2000.00 feet, a central angle of 44 degrees 51 minutes 03 seconds, and an arc length of 1565.59 feet to a point of tangency;

THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 100.00 feet;

THENCE South 49 degrees 16 minutes 47 seconds West, a distance of 1245.15 feet;

THENCE South 89 degrees 34 minutes 51 seconds West, a distance of 1787.47 feet to a point on the West line of the Southwest quarter of said Section 19;

THENCE North 00 degrees 05 minutes 12 seconds West along said West line, a distance of 969.93 feet to the West quarter corner of said Section 19;

THENCE North 00 degrees 56 minutes 58 seconds West along said West line, a distance of 19.93 feet to the East quarter corner of Section 24, Township 2 North, Range 2 West;

THENCE North 00 degrees 08 minutes 44 seconds West along the East line of said Section 24, a distance of 1757.45 feet to the **TRUE POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 6:

Sections 18 and 19, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT that portion of said Section 19 described as follows:

BEGINNING at the Southwest corner of said Section 19, said point being a G.L.O. brass cap which bears South 01 degrees 16 minutes 12 seconds East along the West line of said Section 19, a distance of 12.38 feet from the Southeast corner of Section 24, Township 2 North, Range 3 West;

THENCE North 00 degrees 05 minutes 12 seconds West, continuing along said West line, a distance of 1662.38 feet;

THENCE North 89 degrees 34 minutes 51 seconds East, a distance of 1787.58 feet;

THENCE North 49 degrees 16 minutes 47 seconds East, a distance of 1245.15 feet;

THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 2304.31 feet to a point of curvature of a tangent curve concave to the West;

Exhibit "B"
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THENCE Southerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 40 degrees 17 minutes 40 seconds, and an arc length of 703.27 feet to a point of tangency;

THENCE South 00 degrees 25 minutes 33 seconds East, a distance of 63.42 feet to a point on the South line of the Southeast quarter of said Section 19;

THENCE South 89 degrees 34 minutes 27 seconds West along said South line, a distance of 1832.76 feet to the South quarter corner of said Section 19;

THENCE South 89 degrees 34 minutes 51 seconds West along the South line of the Southwest quarter of said Section 19, a distance of 2641.86 feet to the **TRUE POINT OF BEGINNING**;

EXCEPT that portion of said Section 19 described as follows:

COMMENCING at the Northwest corner of said Section 19, said point being a 1/2 inch ACP stamped LS 19324;

THENCE South 00 degrees 08 minutes 44 seconds East along the East line of Section 24, Township 2 North, Range 3 West, a distance of 856.96 feet to the **TRUE POINT OF BEGINNING**, said point being on the arc of a non-tangent curve concave to the Northwest, a radial line of said curve through said point having a bearing of South 22 degrees 42 minutes 19 seconds East;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 03 degrees 02 minutes 28 seconds, and an arc length of 79.62 feet to a point of tangency;

THENCE North 64 degrees 15 minutes 13 seconds East, a distance of 1571.18 feet to a point of curvature of a tangent curve concave to the South;

THENCE Easterly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 25 degrees 33 minutes 20 seconds, and an arc length of 669.05 feet to a point on the North line of said Section 19;

THENCE North 89 degrees 48 minutes 33 seconds East along said North line, a distance of 150.00 feet;

THENCE South 04 degrees 07 minutes 50 seconds West, a distance of 1265.21 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a radius of 2000.00 feet, a central angle of 44 degrees 51 minutes 03 seconds, and an arc length of 1565.59 feet to a point of tangency;

THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 100.00 feet;

THENCE South 49 degrees 16 minutes 47 seconds West, a distance of 1245.15 feet;

THENCE South 89 degrees 34 minutes 51 seconds West, a distance of 1787.47 feet to a point on the West line of the Southwest quarter of said Section 19;

THENCE North 00 degrees 05 minutes 12 seconds West along said West line, a distance of 969.93 feet to the West quarter corner of said Section 19;

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THENCE North 00 degrees 56 minutes 58 seconds West along said West line, a distance of 19.93 feet to the East quarter corner of Section 24, Township 2 North, Range 2 West;
THENCE North 00 degrees 08 minutes 44 seconds West along the East line of said Section 24, a distance of 1757.45 feet to the **TRUE POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 7:

That portion of Sections 30 and 31, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner of said Section 30, said point being a G.L.O. brass cap;
THENCE North 03 degrees 46 minutes 34 seconds East, a distance of 1315.07 feet;
THENCE South 86 degrees 13 minutes 26 seconds East, a distance of 334.04 feet to a point of curvature of a tangent curve concave to the North;
THENCE Easterly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 23 degrees 46 minutes 34 seconds, and an arc length of 622.46 feet to a point of tangency;
THENCE North 70 degrees 00 minutes 00 seconds East, a distance of 1795.40 feet;
THENCE South 20 degrees 00 minutes 00 seconds East, a distance of 42.78 feet to a point of curvature of a tangent curve concave to the West;
THENCE Southerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 19 degrees 47 minutes 00 seconds, and an arc length of 345.28 feet to a point of tangency;
THENCE South 00 degrees 13 minutes 00 seconds East, a distance of 1584.28 feet to a point on the South line of said Section 30;
THENCE continuing South 00 degrees 13 minutes 00 seconds East, a distance of 776.75 feet;
THENCE South 78 degrees 35 minutes 03 seconds West, a distance of 2856.28 feet to a point on the West line of the Northwest quarter corner of said Section 31;
THENCE North 00 degrees 07 minutes 44 seconds West along said West line, a distance of 1313.31 feet to the Northwest corner of said Section 31, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials,

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whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 05.

PARCEL NO. 8:

That portion of Sections 30 and 31, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southeast corner of said Section 30, said point being a 3-1/2 inch aluminum cap;
THENCE South 00 degrees 13 minutes 21 seconds East along the East line of said Section 31, a distance of 300.00 feet;
THENCE South 78 degrees 35 minutes 03 seconds West, a distance of 2537.96 feet;
THENCE North 00 degrees 13 minutes 00 seconds West, a distance of 776.75 feet to a point on the North line of said Section 31;
THENCE continuing North 00 degrees 13 minutes 00 seconds West, a distance of 1584.28 feet to a point of curvature of a tangent curve concave to the West;
THENCE Northerly along the arc of said curve to the left, having a radius of 1000.00 feet, a central angle of 19 degrees 47 minutes 00 seconds, and an arc length of 345.28 feet to a point of tangency;
THENCE North 20 degrees 00 minutes 00 seconds West, a distance of 42.78 feet;
THENCE North 70 degrees 00 minutes 00 seconds East, a distance of 1728.96 feet to a point of curvature of a tangent curve concave to the South;
THENCE Easterly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 19 degrees 28 minutes 58 seconds, and an arc length of 510.06 feet to a point of tangency;
THENCE North 89 degrees 28 minutes 58 seconds East, a distance of 441.06 feet to the East quarter corner of said Section 30;
THENCE South 00 degrees 96 minutes 50 seconds East along the East line of said Section 30, a distance of 2622.84 feet to the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 9:

A parcel of land lying within Section 31, Township 2 North, Range 2 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

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COMMENCING at the southeast corner of said Section 31, said point being the **POINT OF BEGINNING** of the herein described parcel;

THENCE along the south line of said Section 31, South 89°57'41" West, a distance of 2487.65 feet, to the northwest corner of Section 6, Township 1 North, Range 2 West, said point also being the northeast corner of Section 1, Township 1 North, Range 3 West;

THENCE leaving said south line, North 00°14'20" West, a distance of 4485.83 feet;

THENCE North 78°35'03" East, a distance of 2537.96 feet, to a point on the east line of said Section 31;

THENCE along said east line, South 00°13'21" East, a distance of 2345.41 feet, to the east quarter corner of said Section 31;

THENCE continuing along said east line, South 00°12'22" East, a distance of 2641.08 feet, to the **POINT OF BEGINNING**.

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 10:

A parcel of land lying within Section 31, Township 2 North, Range 2 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the northwest corner of said Section 31;

THENCE along the west line of said Section 31, South 00°07'44" East, a distance of 1313.31 feet, to the **POINT OF BEGINNING**;

THENCE leaving said west line, North 78°35'03" East, a distance of 2856.28 feet;

THENCE South 00°14'20" East, a distance of 4485.83 feet, to a point on the south line of said Section 31, said point also being the northeast corner of Section 1, Township 1 North, Range 3 West, and the northwest corner of Section 6, Township 1 North, Range 2 West;

THENCE along the south line of said Section 31, South 89°16'01" West, a distance of 2634.48 feet, to the north quarter of said Section 1;

THENCE continuing along said south line, South 89°35'34" West, a distance of 174.95 feet, to the southwest corner of said Section 31;

THENCE along the west line of said Section 31, North 00°08'13" West, a distance of 2642.08 feet, to the west quarter corner of said Section 31;

THENCE continuing along said west line, North 00°07'44" West, a distance of 1313.32 feet, to the **POINT OF BEGINNING**.

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EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 11:

That portion of Section 30, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northeast corner of said Section 30, said point being a 3-1/4 inch aluminum cap;

THENCE South 00 degrees 06 minutes 35 seconds East along said East line of said Section 30, a distance of 2622.91 feet to the East quarter corner of said Section 30;

THENCE South 89 degrees 25 minutes 58 seconds West, a distance of 441.06 feet to a point of curvature of a tangent curve concave to the South;

THENCE Westerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 19 degrees 28 minutes 58 seconds, and an arc length of 510.06 feet to a point of tangency;

THENCE South 70 degrees 00 minutes 00 seconds West, a distance of 1728.96 feet;

THENCE North 20 degrees 00 minutes 00 seconds West, a distance of 50.00 feet to a point of curvature of a tangent curve concave to the East;

THENCE Northerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 19 degrees 54 minutes 00 seconds, and an arc length of 347.32 feet to a point of tangency;

THENCE North 00 degrees 06 minutes 00 seconds West, a distance of 2901.73 feet to the North line of said Section 30;

THENCE North 89 degrees 34 minutes 27 seconds East along said North line of said Section 30, a distance of 2642.76 feet to the Northeast corner of said Section 30, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

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PARCEL NO. 12:

That portion of Section 30, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 30, said point being a G.L.O. brass cap;

THENCE North 89 degrees 34 minutes 51 seconds East, a distance of 2641.88 feet along the North line of said Section 30;

THENCE South 00 degrees 06 minutes 00 seconds East, a distance of 2901.73 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a radius of 1000. n feet, a central angle of 19 degrees 54 minutes 00 seconds, and an arc length of 347.32 feet to a point of tangency;

THENCE South 20 degrees 00 minutes 00 seconds East, a distance of 50.00 feet;

THENCE South 70 degrees 00 minutes 00 seconds West, a distance of 1795.40 feet to a point of curvature of a tangent curve concave to the North;

THENCE Westerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 23 degrees 46 minutes 34 seconds, and an arc length of 622.46 feet to a point of tangency;

THENCE North 86 degrees 13 minutes 26 seconds West, a distance of 334.04 feet to a point on the arc of a non-tangent curve concave to the East, a radial line of said curve through said point having a bearing of North 86 degrees 13 minutes 26 seconds West;

THENCE Northerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 14 degrees 13 minutes 14 seconds, and an arc length of 372.29 feet to a point of tangency;

THENCE North 17 degrees 59 minutes 46 seconds East, a distance of 835.53 feet to a point of curvature of a tangent curve concave to the West;

THENCE Northerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 37 degrees 50 minutes 47 seconds, and an arc length of 990.81 feet to a point of tangency;

THENCE North 19 degrees 50 minutes 56 seconds West, a distance of 794.67 feet to a point of curvature of a tangent curve concave to the East;

THENCE Northerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 15 degrees 36 minutes 40 seconds, and an arc length of 408.70 feet to a point of tangency;

THENCE North 04 degrees 14 minutes 18 seconds West, a distance of 672.77 feet to the
POINT OF BEGINNING:

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EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 13:

That portion of Section 25, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at the Southeast corner of said Section 25, said point being a G.L.O. brass cap;

THENCE North 89 degrees 52 minutes 15 seconds West along the South line of said Section 25, a distance of 2635.19 feet to the South quarter corner of said Section 25;

THENCE North 89 degrees 41 minutes 17 seconds West along said South line, a distance of 2641.10 feet to the Southwest corner of said Section 30;

THENCE North 00 degrees 04 minutes 18 seconds West along the West line of said Section 25, a distance of 1000.00 feet;

THENCE North 75 degrees 41 minutes 52 seconds East, a distance of 5874.45 feet;

THENCE South 17 degrees 59 minutes 48 seconds West, a distance of 835.53 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 14 degrees 13 minutes 14 seconds, and an arc length of 372.29 feet to a point of tangency;

THENCE South 03 degrees 46 minutes 34 seconds West, a distance of 1315.07 feet to the Southeast corner of Section 25, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 14:

That portion of Sections 23 and 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

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BEGINNING at the Southwest corner of said Section 23, said point being a G.L.O. brass cap;
THENCE North 00 degrees 05 minutes 59 seconds West along the West line of said Section 23, a distance of 600.00 feet;
THENCE North 67 degrees 14 minutes 01 seconds East, a distance of 5728.70 feet to a point on the East line of the Southeast quarter of said Section 23;
THENCE continuing North 67 degrees 14 minutes 01 seconds East, a distance of 1068.51 feet to a point on the arc of a non-tangent curve concave to the Northeast, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;
THENCE Southeasterly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 31 degrees 16 minutes 47 seconds, and an arc length of 2402.11 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 44 degrees 09 minutes 57 seconds West;
THENCE South 44 degrees 09 minutes 57 seconds West, a distance of 1689.79 feet to a point on the South line of the Southwest quarter corner of said Section 24;
THENCE North 89 degrees 44 minutes 36 seconds West along said South line of said Section 24, a distance of 1000.00 feet to the Southwest corner of said Section 24;
THENCE North 89 degrees 42 minutes 50 seconds West along the South line of said Section 23, a distance of 2641.62 feet to the South quarter corner of said Section 23;
THENCE North 89 degrees 40 minutes 59 seconds West along the South line of said Section 23, a distance of 2640.87 feet to the Southwest corner of said Section 23, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 15:

That portion of Section 23, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 23, said point being a G.L.O. brass cap;
THENCE South 89 degrees 47 minutes 21 seconds East along the North line of said Section 23, a distance of 1857.42 feet;
THENCE South 53 degrees 00 minutes 55 seconds East, a distance of 2857.55 feet;
THENCE South 00 degrees 01 minutes 18 seconds East, a distance of 1216.34 feet;

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THENCE South 67 degrees 14 minutes 01 seconds West, a distance of 4481.73 feet to a point on the West line of the Southeast quarter corner of Section 23;
THENCE North 00 degrees 05 minutes 59 seconds West along said West line, a distance of 2043.82 feet to the West quarter corner of said Section 23;
THENCE North 00 degrees 05 minutes 41 seconds West along said West line, a distance of 2632.79 feet to the Northwest corner of Section 23, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 16:

That portion of Sections 23 and 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 24, said point bearing South 00 degrees 01 minutes 18 seconds East, a distance of 6.60 feet from a G.L.O. brass cap witness corner;
THENCE South 89 degrees 44 minutes 26 seconds East along the North line of said Section 24, a distance of 810.49 feet;
THENCE South 02 degrees 00 minutes 00 seconds East, a distance of 1065.56 feet to a point of curvature of a tangent curve concave to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 12 degrees 33 minutes 16 seconds, and an arc length of 964.11 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;
THENCE South 67 degrees 14 minutes 01 seconds West, a distance of 1068.51 feet to a point on the West line of the Southwest quarter corner of said Section 24;
THENCE continuing South 67 degrees 14 minutes 01 seconds West, a distance of 1246.97 feet;
THENCE North 00 degrees 01 minutes 18 seconds West, a distance of 1216.34 feet;
THENCE North 53 degrees 00 minutes 55 seconds West, a distance of 2857.55 feet to a point on the North line of the Northwest corner of said Section 23;
THENCE South 89 degrees 47 minutes 21 seconds East, a distance of 788.00 feet to the North quarter corner of said Section 23;

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THENCE South 89 degrees 39 minutes 30 seconds East along the North line of said Section 23, a distance of 2644.01 feet to the Northeast corner of Section 23, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 17:

That portion of Section 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying Northerly of the following described property:

BEGINNING at the Southeast corner of said Section 24, said point being a G.L.O. brass cap; **THENCE** South 01 degrees 16 minutes 12 seconds West, a distance of 12.38 feet to a point on the arc of a non-tangent curve concave to the North, a radial line of said curve through said point having a bearing of South 00 degrees 25 minutes 09 seconds East;- **THENCE** Westerly along the arc of said curve to the right, having a radius of 4400.00 feet, a central angle of 05 degrees 01 minutes 39 seconds, and an arc length of 386.07 feet to a point on the South line of said Section 24;

THENCE continuing Northwesterly along the arc of said curve to the right, having a radius 4400.00 feet, a central angle of 70 degrees 50 minutes 15 seconds, and an arc length of 5439.92 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;

THENCE North 75 degrees 23 minutes 57 seconds East, a distance of 4425.12 feet to a point on the East line of the Northeast quarter of said Section 24;

THENCE South 00 degrees 08 minutes 44 seconds East along said East line, a distance of 1757.45 feet to the East quarter corner of said Section 24, which bears North 00 degrees 56 minutes 58 seconds West along the East line of the Southeast quarter of said Section 24, a distance of 19.93 feet from the West quarter corner of Section 19, Township 2 North, Range 2 West;

THENCE South 00 degrees 05 minutes 59 seconds East along said East line, a distance of 2639.86 feet to the Southeast corner of said Section 24, said point also being the **POINT OF BEGINNING**;

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EXCEPT the following described property:

BEGINNING at the Northwest corner of said Section 24, said point bearing South 00 degrees 01 minutes 18 seconds East, a distance of 6.60 feet from a G.L.O. brass cap witness corner;

THENCE South 89 degrees 44 minutes 26 seconds East along the North line of said Section 24, a distance of 810.49 feet;

THENCE South 02 degrees 00 minutes 00 seconds East, a distance of 1065.56 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 12 degrees 33 minutes 16 seconds, and an arc length of 964.11 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;

THENCE South 67 degrees 14 minutes 01 seconds West, a distance of 1068.51 feet to a point on the West line of the Southwest quarter corner of said Section 24;

THENCE continuing South 67 degrees 14 minutes 01 seconds West, a distance of 1246.97 feet;

THENCE North 00 degrees 01 minutes 18 seconds West, a distance of 1216.34 feet;

THENCE North 53 degrees 00 minutes 55 seconds West, a distance of 2857.55 feet to a point on the North line of the Northwest corner of said Section 23;

THENCE South 89 degrees 47 minutes 21 seconds East, a distance of 788.00 feet to the North quarter corner of said Section 23;

THENCE South 89 degrees 39 minutes 30 seconds East along the North line of said Section 23, a distance of 2644.01 feet to the Northeast corner of Section 23, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 18:

That portion of Sections 24 and 25, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 30, said point being a G.L.O. brass cap;

THENCE South 04 degrees 14 minutes 18 seconds East, a distance of 672.77 feet to a point of curvature of a tangent curve to the East;

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THENCE Southerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 15 degrees 36 minutes 40 seconds, and an arc length of 408.70 feet to a point of tangency;

THENCE South 19 degrees 50 minutes 58 seconds East, a distance of 794.67 feet to a point of curvature of a tangent curve concave to the West;

THENCE Southerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 37 degrees 50 minutes 47 seconds, and an arc length of 990.81 feet to a non-tangent line, a radial line of said curve ' through said point having a bearing of South 72 degrees 100 minutes 12 seconds East;

THENCE South 75 degrees 41 minutes 52 seconds West, a distance of 5874.45 feet to a point on the West line of the Southwest quarter corner of said Section 25;

THENCE North 00 degrees 04 minutes 18 seconds West along said West line, a distance of 1639.32 feet to the West quarter corner of said Section 25;

THENCE North 00 degrees 01 minutes 21 seconds West along said West line, a distance of 2637.50 feet to the Northwest corner of said Section 25;

THENCE South 89 degrees 44 minutes 36 seconds East along the North line of said Section 25, a distance of 1000.00 feet;

THENCE North 44 degrees 09 minutes 57 seconds East, a distance of 1689.79 feet to a point on the arc of a non-tangent curve concave to the Northeast, a radial line of said curve through said point having a bearing of South 44 degrees 09 minutes 57 seconds West;

THENCE Southeasterly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 39 degrees 33 minutes 28 seconds, and an arc length of 3037.82 feet to a point of curvature of a curve concave to the North, said point being a point on the South line of the Southeast quarter of said Section 24;

THENCE continuing Southeasterly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 05 degrees 01 minutes 39 seconds, and an arc length of 386.07 feet to the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 19:

That portion of Sections-24 and 25, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

Exhibit "B"
PARCEL DESCRIPTION
Caterpillar Foundation
&
DMB White Tank LLC
The Caterpillar Property
Water/Wastewater Agreement

September 21, 2000
WP#97678.03
Page 16 of 20

BEGINNING at the Southeast corner of said Section 24, said point being a G.L.O. brass cap;
THENCE South 01 degrees 16 minutes 12 seconds West, a distance of 12.38 feet to a point on the arc of a non-tangent curve concave to the North, a radial line of said curve through said point having a bearing of South 00 degrees 25 minutes 09 seconds East;
THENCE Westerly along the arc of said curve to the right, having a radius of 4400.00 feet, a central angle of 05 degrees 01 minutes 39 seconds, and an arc length of 386.07 feet to a point on the South line of said Section 24;
THENCE continuing Northwesterly along the arc of said curve to the right, having a radius of 4400-00 feet, a central angle of 70 degrees 50 minutes 15 seconds, and an arc length of 5439.92 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;
THENCE North 75 degrees 23 minutes 57 seconds East, a distance of 4425.12 feet to a point on the East line of the Northeast quarter of said Section 24;
THENCE South 00 degrees 08 minutes 44 seconds East along said East line, a distance of 1757.45 feet to the East quarter corner of said Section 24, which bears North 00 degrees 56 minutes 58 seconds West along the East line of the Southeast quarter of said Section 24, a distance of 19.93 feet from the West quarter corner of Section 19, Township 2 North, Range 2 West;
THENCE South 00 degrees 05 minutes 59 seconds East along said East line, a distance of 2639.86 feet to the Southeast corner of said Section 24, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 20:

Lots 1, 2, 3 and 4, the South half of the North half, and the South half of Section 3, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

Exhibit "B"
PARCEL DESCRIPTION
Caterpillar Foundation
&
DMB White Tank LLC
The Caterpillar Property
Water/Wastewater Agreement

September 21, 2000
WP#97678.03
Page 17 of 20

PARCEL NO. 21:

Sections 10, 11, 12 and 13, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

Containing 8639.41 acres, or 376,332,700 square feet of land, more or less.

All parcels subject to existing rights-of-way and easements.

Exhibit "B"
PARCEL DESCRIPTION
Caterpillar Foundation
&
DMB White Tank LLC
The Caterpillar Property
Water/Wastewater Agreement

September 21, 2000
WP#97678.03
Page 18 of 20

PARCEL "B1"

A parcel of land lying within Section 6, Township 1 North, Range 2 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the northwest corner of said Section 6, said point also being the **POINT OF BEGINNING** of the herein described parcel;

THENCE along the north line of Section 6 per the Results of Survey as recorded in Book 499, page 48, Maricopa County Records, North 89 degrees 57 minutes 39 seconds East, a distance of 2437.60 feet to the northwest corner of Parcel No. 3 of a Quit-Claim Deed as recorded in Docket 10822, page 9, Maricopa County Records;

THENCE leaving said north line, along the westerly line of said Parcel No. 3, South 14 degrees 06 minutes 52 seconds East, a distance of 206.19 feet, to the southeast corner of said Parcel No. 3 and to a point on the east line of Section 6 per said Results of Survey;

THENCE leaving said westerly line, along said east line, South 00 degrees 04 minutes 51 seconds East, a distance of 491.44 feet, to a point on the northerly right-of-way line of Interstate 10 and the beginning of a non-tangent curve;

THENCE leaving said east line, along said right-of-way line, westerly along said curve, having a radius of 11602.57 feet, concave southerly, whose radius bears South 02 degrees 39 minutes 27 seconds East, through a central angle of 12 degrees 26 minutes 54 seconds, a distance of 2520.84 feet, to a point on the west line of Section 6 per said Results of Survey, and a point of intersection with a non-tangent line;

THENCE leaving said northerly right-of-way line, along said west line, North 00 degrees 09 minutes 05 seconds West, a distance of 1078.18 feet, to the **POINT OF BEGINNING**.

Containing 47.7687 acres, or 2,080,805 square feet of land, more or less.

All parcels subject to existing rights-of-way and easements.

Exhibit "B"
PARCEL DESCRIPTION
Caterpillar Foundation
&
DMB White Tank LLC
The Caterpillar Property
Water/Wastewater Agreement

September 21, 2000
WP#97678.03
Page 19 of 20

PARCEL "B2"

PARCEL NO. 1:

The West 1240.84 feet of the following described parcel:

Lots 1 and 2, and the South half of the Northeast quarter of Section 1, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying North of the land conveyed to the State of Arizona by and through the Department of Transportation in Docket 11015, page 374 and in Docket 11052, page 724.

PARCEL NO. 2:

Lots 1 and 2, and the South half of the Northeast quarter of Section 1, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying North of the land conveyed to the State of Arizona by and through the Department of Transportation in Docket 11015, page 374 and in Docket 11052, page 724;

EXCEPT the West 1240.84 feet.

PARCEL NO. 3:

The Northeast quarter of Section 1, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying South of the land conveyed to the State of Arizona by and through the Department of Transportation in Docket 11015, page 374 and in Docket 11052, page 724.

Containing 111.87 acres, or 1,118,680 square feet of land, more or less.

All parcels subject to existing rights-of-way and easements.

Y:\WP\Parcel Descriptions\97678.03.Caterpillar & DMB White Tank.wpd

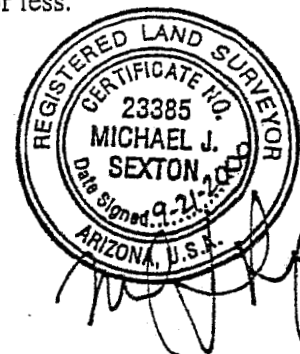


EXHIBIT C

MAP OF PROJECT LOCATION AND BOUNDARIES

B2-# = DESCRIPTION OF "B2" PARCEL NUMBER
 # = SECTION NUMBER

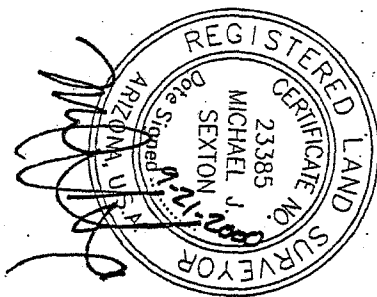
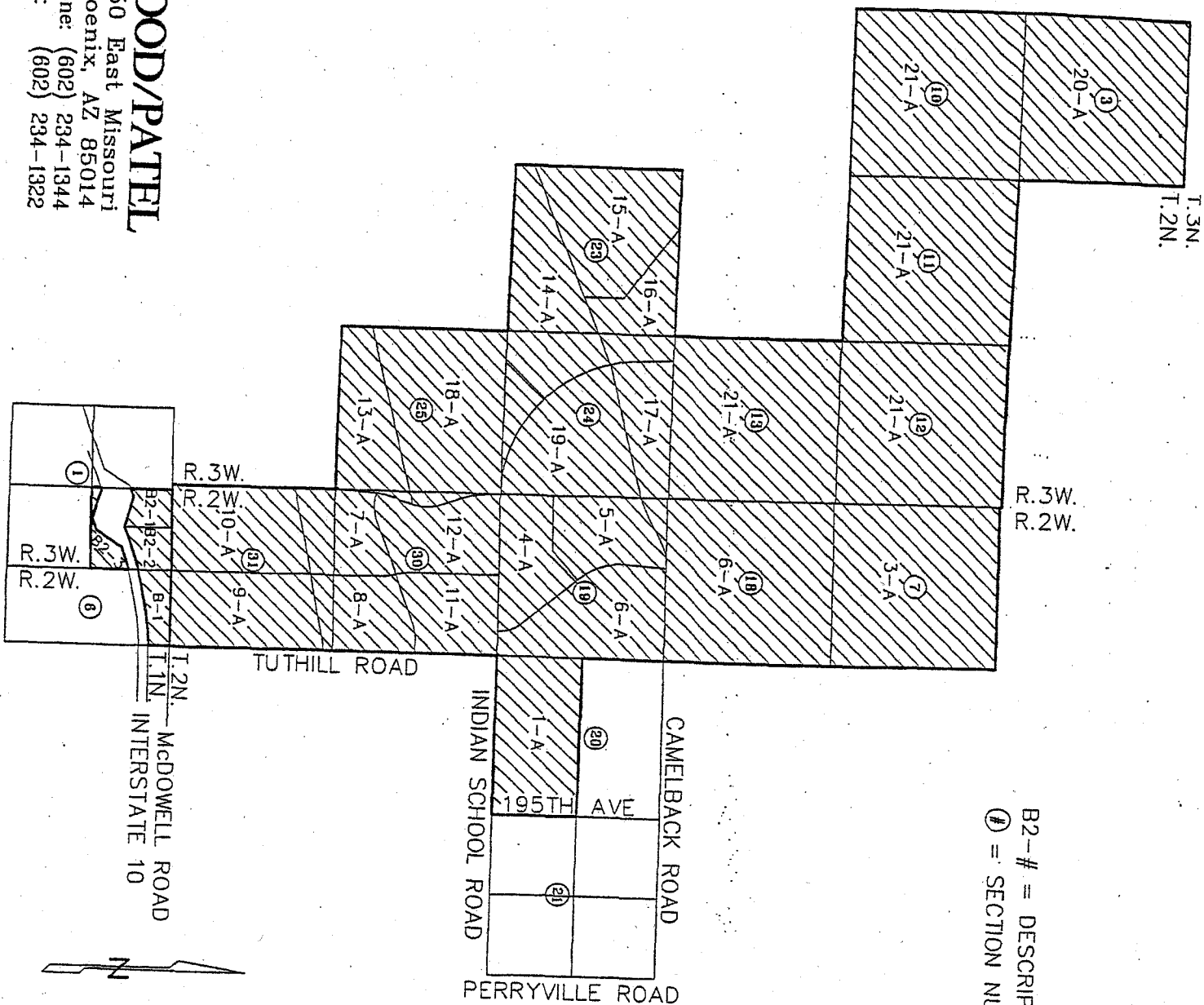


EXHIBIT "C"

MAP OF PROJECT LOCATION

AND BOUNDARIES

CATERPILLAR FOUNDATION

&

DMB WHITE TANK LLC

CATERPILLAR PROPERTY

WATER/WASTEWATER AGREEMENT

09-21-00

97678.03

PAGE 20 OF 20

NOT TO SCALE

T:\980708\LEGAL\0708L4RRR

WOOD/PATEL
 1550 East Missouri
 Phoenix, AZ 85014
 Phone: (602) 234-1344
 Fax: (602) 234-1322

EXHIBIT D

OUTLINE OF WASTEWATER DESIGN REPORT

1. Executive Summary
2. Introduction
 - a. Project Scope and Goals
3. Basis of Design
 - a. Influent Characteristics
 - b. Projected Flows and Organic Loadings
 - c. Effluent Quality Requirements
 - Stream Discharge: NPDES
 - Aquifer Recharge: APP
 - Reuse: Irrigation Standards
 - d. Regulatory Requirements
 - Water Quality
 - Permitting Process
 - Fees
 - Timetable for Review and Approvals by MAG and ADEQ
 - e. Treatment System Analysis
 - Each major treatment train is described and its loading and anticipated performance characteristics are defined (headworks, primary treatment, secondary treatment, effluent polishing, sludge handling, screenings, electrical and instrumentation controls and odor control)
 - f. Construction Cost Estimates

- g. Phasing and land area required
- h. Constructability Issues

Figures

Conceptual Site Layout

Process Flow Schematic

Hydraulic Profile

Conceptual Layout of Treatment Process

EXHIBIT E

REFUNDS OF DEVELOPER'S ADVANCES

1. The Citizens' Parties' will pay to Developer refunds of Developer's Advances ("Refunds") as follows:

A. Water Refunds:

- i. Refunds per ERU first taking permanent (not construction) Potable Water Services during a six-month period ending June 30 or December 31 will be made not later than 30 days after the close of the six-month period. The payment per ERU will be as follows:

ERU 1 through 1,500 - \$1,200.00
ERU 1,502 through 7000 - \$1,500.00
All remaining ERU's - \$2,200.00

- ii. Refunds in the amount of 10% of the revenue (excluding taxes and other governmental imposts) derived from provision of Non-Potable Water Services within the Project during each 12-month period ending June 30 will be made not later than the following August 31. Refunds will be made for service provided through the June 30 following the fifteenth (15th) anniversary of commencement of Non-Potable Water Services.

B. Wastewater Refunds:

- i. Refunds per ERU first taking permanent (not construction) Wastewater Services during a six-month period ending June 30 or December 31 will be made not later than 30 days after the

close of the six-month period. The payment per ERU will be as follows:

ERU 1 through 1,500 - \$800.00
ERU 1,502 through 7000 - \$1,100.00
All remaining ERU's - \$1,300.00

- ii. A one-time Refund of \$1,000,000 will be made by DistCo not later than 30 days after the close of the calendar month in which the 100th single family residential home located in the Project first takes permanent (not construction) Wastewater Services.

2. A Refund for Potable Water Service will be made only once for any ERU in the Project, and a Refund for Wastewater Service will be made only once for any ERU in the Project.

3. No Refunds will be made for an ERU until the Facility from which the service is to be provided has been granted Operational Acceptance by the Citizens Parties.

4. The total amount of all Refunds to be made to Developer will not exceed the total amount of Developer's Advances.

5. No Refunds will be made with respect to any ERU located in the Project that first takes permanent Potable Water Services or permanent Wastewater Services after December 31, 2030.

EXHIBIT F

INSURANCE

I. Developer and, collectively, the Citizens Parties will carry or cause to be carried the following insurance:

A. Comprehensive General Liability Insurance coverage including premises, operations, products, completed operations, and contractual liability coverages in an amount no less than \$1,000,000 per occurrence, \$1,000,000 personal injury and advertising injury, \$2,000,000 Products and Completed Operations Aggregate and \$2,000,000 General Aggregate. Coverage will include:

1. Liability arising out of work or acts of subcontractors.
2. Deductible of no more than \$100,000 per occurrence.
3. Deletion of any limitation or exclusion on coverage for bodily injury or property damage arising out of subsidence or soil or earth movement ("x, c, u").
4. A provision that the insurance company has a duty to defend all insureds under the policy and that defense costs are paid in addition to and do not deplete the policy limits.
5. Coverage under the Contractual Liability section broad enough to cover the terms and conditions of Section 5.8 ("Indemnification") of this Agreement.

B. Automobile Liability Insurance for all motor vehicles operated by or such Party, including owned, hired, leased and non-owned autos, with minimum Combined Single Limit for Bodily Injury (including death) and Property Damage of \$1,000,000 for each occurrence.

C. Workers Compensation Insurance to cover statutory limits of Workers Compensation Laws of the state in which any work is being performed and the state in which the employee is hired. Workers Compensation coverage will extend to any individual, including owners,

directors, officers, and employees who will be performing any work at the Property regardless of any ability under state law to reject workers compensation coverage. If any class of employees engaged in work at the Property is not protected by the Workers Compensation statute, such Party will provide special insurance for the protection of such employees not otherwise protected, which is similar to the coverage required above.

- D. Employers Liability Insurance coverage in an amount not less than \$1,000,000 each accident; \$1,000,000 disease policy limit; \$1,000,000 disease each employee.
- E. Excess Liability or Umbrella Insurance coverage extending such Party's coverage excess of any general liability, automobile liability, and employers liability coverage on a "follow form" basis to bring the total limits available per occurrence and per aggregate to an amount not less than \$35,000,000.
- F. Excess Liability or Umbrella Insurance coverage extending subcontractors' coverage excess of any general liability, automobile liability, and employers liability coverage on a "follow form" basis in the amount of \$1,000,000 per occurrence and per aggregate.
- G. Professional Liability Insurance. If any professional services will be performed, professional liability coverage in an amount at no less than \$1,000,000, including:
 - 1. Deletion of any limitation or exclusion of coverage for bodily injury or property damage arising out of subsidence or soil or earth movement.
 - 2. Deletion of any exclusion or limitation of coverage based on the type or use of building or structure.
- H. Property Insurance. Such Party will also maintain adequate property insurance on (and will maintain adequate security for) its equipment and building materials.

II. The following general requirements apply to all insurance policies described in this Exhibit:

- A. All liability insurance policies, except professional liability insurance, will be written on an occurrence basis.
- B. All liability insurance policies required under this Exhibit will: (i) name the other Parties and Owner, their related or affiliated entities, parents, subsidiaries, partnerships, joint ventures, trusts, limited liability companies, and assigns, of any tier, and their respective directors, officers, partners, agents, employees, volunteers, members, managers, trustees, and shareholders as "additional insured"; (ii) be issued by an insurer and will be in a form approved by the other Parties and Owner; and (iii) provide that such policies will not be canceled or non-renewed and that no material change will be made to the policy without at least thirty (30) days prior written notice to the other Parties and Owner.
- C. All insurance policies (except professional liability and automobile liability policies) will include a Waiver of Subrogation in favor of the other Parties and Owner, their related or affiliated entities, parents, subsidiaries, partnerships, joint ventures, limited liability companies, and assigns, of any tier, and their respective directors, officers, partners, agents, employees, volunteers, members, managers, and shareholders.
- D. The liability insurance policies will provide that such insurance will be primary on a non-contributory basis.
- E. All insurers providing the coverages specified in this Section will be rated A VII or better by A.M. Best's.
- F. Such Party will provide certificates evidencing the insurance coverages required by this Exhibit to the other Parties and Owner before the commencement of any work by or at the direction of such Party. Replacement certificates will be sent to the other Parties and Owner, as policies are renewed, replaced, or modified.

- G. The foregoing insurance coverage must be maintained in force at all times during the terms of this Agreement. Liability insurance (for Products, Work, and Completed Operations, if any) is to be maintained for not less than 10 years following the last system hook-up within the boundaries of the Project.
- H. The insurance requirements set forth in this Section in no way limit such Party's liability arising out of work performed under this Agreement, any agreement, or related activities.
- III. Each Party will remain primarily liable for the work performed by all third parties engaged by such Party. Notwithstanding anything to the contrary in this Agreement, waiver of any insurance requirements specified in this Exhibit, including the amount or extent of insurance coverage, may only be obtained upon written authorization of other Parties and Owner.

EXHIBIT G**PROJECTED PHASE I OFF-SITE FACILITIES**

DESCRIPTION	UNIT	PHASE 1 QUANTITY
OFFSITE POTABLE WATER SYSTEM		
18" Water Transmission Line with appurtenances	LF	2,640
16" Water Transmission Line with appurtenances	LF	7,920
18" V.B. & C.	EA	3
16" V.B. & C.	EA	7
Booster Pump Station – (Phase I – 1,840 gpm)	EA	2
Water Storage Tank – (1.25 mgd)	MG	1.09
Jack or Bore Casing for 16" Line	LF	100
Offsite Production Well (800 gpm)	EA	2
Land Acquisition	EA	2
NON-POTABLE WATER SYSTEM		
Production Well (400 gpm)	EA	2
Irrigation Pumping Station	EA	1
OFFSITE SEWER SYSTEM		
Wastewater Treatment Plant – (Phase I – 0.5 mgd)	EA	1
Recharge Facility/Recovery Well (600 gpm)	EA	1

EXHIBIT H

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT dated as of _____, 200____, between DMB White Tank, L.L.C., an Arizona limited liability company ("Assignor"), and Caterpillar Foundation, an Illinois not-for-profit corporation ("Assignee").

RECITALS:

A. Assignor and Assignee are parties to that certain Master Agreement, dated September 30, 1999, under which Assignor has certain rights to develop certain land owned by Assignee (the "Master Agreement").

B. Assignor entered into that certain Caterpillar Property Water/Wastewater Agreement between Assignor and Citizens Communications Company, a Delaware corporation ("Citizens"), and Citizens Water Services Company of Arizona, an Arizona corporation ("DistCo"), dated as of October _____, 2000 (the "Water/Wastewater Agreement"), a copy of which is attached hereto as Exhibit A, for the provision of public utility water and wastewater services in a community known as WhiteStone.

C. Assignee desires to acquire all of Assignor's right, title, and interest in and to Water/Wastewater Agreement and to assume Assignor's obligations under the Water/Wastewater Agreement pursuant to the terms and conditions hereinafter set forth.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing premises and mutual covenants hereinafter expressed, the receipt and sufficiency of which is hereby acknowledged by Assignor, the parties agree as follows:

1. Assignment.

☐

If this box is checked, this assignment and assumption is being made by mutual consent of the parties, pursuant to the terms of the Master Agreement, and Assignor hereby assigns to Assignee all of Assignor's right, title, and interest in and to the Water/Wastewater Agreement.

☐

If this box is checked, this assignment and assumption is being made pursuant to enforcement by Assignee of a collateral assignment of Assignor's interest in the Water/Wastewater Agreement or enforcement of a security interest held by Assignee as secured party with respect to the interest of Assignor as debtor in the Water/Wastewater Agreement, and,

therefore, the signature of Assignor is not required in connection with this assignment and assumption.

2. Assumption of Obligations. Assignee hereby assumes all of Assignor's obligations under the Water/Wastewater Agreement arising after the date hereof and agrees to be bound by the same obligations, responsibilities, rights, privileges, and duties as Assignor under the Water/Wastewater Agreement.

3. No Representation or Warranty. The assignment by Assignor of all of Assignor's right, title and interest in and to the Water/Wastewater Agreement is made by Assignor without representation or warranty of any kind, including any representation or warranty as to the validity, accuracy, effectiveness or fitness for any particular purpose or use of the Water/Wastewater Agreement. Such assignment is accepted by Assignee on an "as is" "where is" basis. By such acceptance, Assignee agrees that Assignor shall have no liability or responsibility therefor.

4. Effect. Except as amended herein, the terms, covenants and conditions of the Water/Wastewater Agreement will remain in full force and effect.

IN WITNESS WHEREOF, the parties have signed this Assignment and Assumption Agreement as of the date first written above.

"Assignor"

DMB White Tank, L.L.C., an Arizona limited liability company

By: _____
Its: _____

"Assignee"

Caterpillar Foundation, an Illinois not-for-profit corporation

By: _____
Its: _____

Exhibit A
to
Assignment and Assumption Agreement

[See Attached]

Exhibit B

Legal Description

EXHIBIT B

Legal Description

Certificate of Convenience and Necessity

Citizens Communications Company, Auga Fria Division

Citizens Water Services Company of Arizona

Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County,
Arizona

All of Section 7;

All of Section 18;

All of Section 19;

The South half of Section 20;

All of Section 30;

All of Section 31;

Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County,
Arizona

All of Section 3;

All of Section 10;

All of Section 11;

All of Section 12;

All of Section 13;

All of Section 23;

EXHIBIT B

All of Section 24;

All of Section 25;

Township 1 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County,
Arizona

That portion of Section 6, Township 1 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows;

BEGINNING at the Northwest corner of said Section 6, said point also being the TRUE POINT OF BEGINNING;

thence along the North line of Section 6, N89°57'39"E, 2437.60 feet; thence S14°06'52"E, 206.19 feet; thence S00°04'51"E, 491.44 feet to a point on the Northerly right-of-way line of Interstate 10 and the beginning of a non-tangent curve; thence westerly along said curve having a radius of 11602.57 feet, concave Southerly, whose radius bears S02°39'27"E, through a central angle of 12°26'54", 2520.84 feet to a point on the West line of Section 6 and a point of intersection with a non-tangent curve; thence along the West line N00°09'05"W, 1078.18 feet to the TRUE POINT OF BEGINNING and the end of this line description;

Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County,
Arizona

The Northeast Quarter of Section 1;

Exhibit C

Color-Coded Map

Exhibit D

Water Tariff Pages

Water Service

Table of Contents

G – 1	General Water Service	1 – 1 st Revised
PF – 1	Private Fire Protection	2 – 1 st Revised
NP – 1	Nonpotable Water Service	3 – Original
WHU – 1	Water Facilities Hook-Up Fee	4 – Original
MISC – 1	Miscellaneous Service Charges	5 – Original
GW – 1	Groundwater Withdrawal Fees	6 – Original
CAP – 1	Central Arizona Project – Raw	7 – Original
CAP – 2	Central Arizona Project Hook-Up Fee	8 – Original
	Rules and Regulations	ACC No. 1 thru ACC No. 52

ISSUED

Month

Day

Year

EFFECTIVE

Month

Day

Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

CITIZENS
water resources



Decision No. _____

Water Service

Nonpotable Water Service NP-1

Availability

Available to large turf and landscape irrigators for use on golf courses, lakes, school grounds, park lands, right of ways, and similar large open spaces. Also available to land developers and their contractors and sub-contractors for use on large construction projects which require significant amounts of dirt moving, grading, trenching or other water intensive construction activities.

Rates

All Consumption	Rate per 1,000 gallons	\$0.62
-----------------	------------------------	--------

Special Conditions

The water provided under this tariff is raw, untreated water or reclaimed sewage effluent and is not suitable for human consumption or bodily contact. Water provided under this tariff should be used only for irrigation. Water will be made available for construction uses only to the extent it is not needed to serve other classes of customers. Deliveries are subject to interruption, curtailment, or scheduling as necessary to match demands with available supplies.

Each customer shall be required to enter into Nonpotable Water Service Agreement with the Company prior to establishment of service in accordance with Rule 12.

Terms & Conditions

Water service provided under this rate schedule is subject to the Company's Rules and Regulations applicable to Water Service and may be subject to the Company's miscellaneous service charges set forth in Rate Schedule MISC -1 and may be subject to the Company's groundwater withdrawal fees set forth in Rate Schedule GW - 1.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from service under this Schedule, or on the basis of the service provided or the volume of water produced, purchased or sold.

A 1-1/2% late payment penalty will be applied to account balances not paid within 25 days after the postmark date of the bill in accordance with Rule 8 (H).

ISSUED	_____	EFFECTIVE	_____
	Month Day Year		Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Water Service

Water Facilities Hook-Up Fee WHU – 1

Applicability

Applicable to persons or entities that construct residential homes, commercial properties, schools, parks, churches or other improvements that requesting potable water service within that portion of Company's CC&N known as the Caterpillar Property, said area being more particularly described in Decision No. _____.

Rates

Fee per Equivalent Residential Unit

\$1,500.00

Special Conditions

1. Before applying for a building permit, meter set or entering into a Line Extension Agreement, each person or entity constructing improvements (Builder) will Company of how many Equivalent Residential Units will be connected as a result of expected construction.
2. Water Facilities Hook-Up Fees are due and payable to Company in full on the earlier of i) when a building permit is issued with respect to each improvement that is to be constructed on a lot or parcel, ii) when a meter is installed for the improvement, or iii) when operational acceptance is issued for the water facilities constructed to serve the improvement.
3. Equivalent Residential Unit is that portion of a residential or commercial unit that uses an equivalent amount of water as a typical single-family home. Equivalent Residential Units for various facilities are determined under the following schedule:

<u>Type of Improvement</u>	<u>Associated ERU</u>
Single Family Home	1.00
Apartment Units	0.50
Commercial Units (per acre)	4.00
Resorts (per room)	0.50
Parks acreage, Golf Courses acreage, and Right-of-Way landscaping Acreage	0.00

ISSUED

Month

Day

Year

EFFECTIVE

Month

Day

Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

CITIZENS
water resources



Decision No. _____

Rules and Regulations Applicable to Water Service

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<u>Rule No.</u>	<u>Section No.</u>	<u>Title of Page</u>	<u>ACC Sheet No.</u>
11.		RESERVED	53
12.		NONPOTABLE WATER USE	55
	A.	PURPOSE AND POLICY	55
	B.	DEFINITIONS	55
	C.	ESTABLISHMENT OF NONPOTABLE SERVICE	55
	D.	COMPANY RESPONSIBILITY	55
	E.	CUSTOMER'S RESPONSIBILITY	56
	F.	CONTINUITY OF SERVICE	56
	G.	SERVICE INTERRUPTIONS	57
	H.	MANAGEMENT PRACTICES	57
	I.	COMPANY ACCESS TO REUSE FACILITY	58

ISSUED	_____	EFFECTIVE	_____
	Month Day Year		Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

Agua Fria Division of Citizens
Communications Company
(Name of Company)

CANCELING A.C.C.

SHEET NO. 53
SHEET NO. _____

Western Maricopa County, Arizona
(Name of Service Area)

Rule No. 11

Reserved

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Agua Fria Division of Citizens
Communications Company

(Name of Company)

CANCELING A.C.C.

SHEET NO. 54
SHEET NO. _____

Western Maricopa County, Arizona
(Name of Service Area)

Rule No. 11

Reserved

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Western Maricopa County, Arizona
(Name of Service Area)

Rule No. 12

Nonpotable Water Use

A. PURPOSE AND POLICY

This Rule sets forth uniform requirements for use of Nonpotable Water and establishes a Nonpotable Water Service Agreement requirement. Implementation of this Rule is consistent with the Clean Water Act and the Arizona regulations pertaining to reuse of wastewater contained in Arizona Administrative Code (A.A.C.) R18-9-702, *et seq.* This Rule is implemented by Company in order to comply with applicable regulations and promote consistent application of Nonpotable Water, including treated wastewater, among its customers. This Rule supplements previous Rules by adding additional requirements for use of nonpotable water in addition to those required by previous Rules. The provisions of Rule 6, however, shall not apply to Nonpotable Water service. The provision of this Rule 12 will instead govern.

B. DEFINITIONS

The following definitions are supplemental to Rule No. 1.

1. Nonpotable Water: Water that contains objectionable pollution, contamination, minerals, or infectious agents and is considered unsatisfactory for human consumption. Nonpotable Water may include any combination of treated sewage effluent, untreated surface water supplies or untreated groundwater.
2. Nonpotable Water Service Agreement: A contract for Nonpotable Water service, substantially in the form attached to this Rule as Appendix A.
3. Reuse Facility: Any establishment or land owned, operated or otherwise controlled by a Customer using Nonpotable Water for irrigation, construction or other uses.

C. ESTABLISHMENT OF NONPOTABLE SERVICE

1. In addition to the requirements of Rule 2, an applicant for Nonpotable Water service shall enter into a Nonpotable Water Service Agreement with the Company prior to the establishment of service.
2. In addition to the provisions of Rule 2, an applicant may be refused service for failure to enter into a Nonpotable Water Service Agreement with the Company.

D. COMPANY RESPONSIBILITY

1. The Company shall deliver Nonpotable Water to the Point(s) Of Delivery specified in the Nonpotable Water Service Agreement, except that the Company may, at its option, refuse service until the Customer has obtained all required permits and/or inspections indicating that the Customer's facilities comply with local construction and safety standards.

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Rule No. 12

2. The Company shall provide Nonpotable Water that meets the standard(s) contained in A.A.C. R18-9-703 for the reuse(s) specified in the Nonpotable Water Service Agreement, in accordance with applicable Arizona Department of Environmental Quality Wastewater Reuse Permit.

E. CUSTOMER'S RESPONSIBILITY

1. Each Customer shall maintain all facilities on the Customer's side of the Point Of Delivery in a safe and efficient manner and in accordance with Arizona Department of Environmental Quality rules and the prescribed specifications of the Company.
2. Each Customer shall exercise reasonable care to prevent loss or damage to any Company property installed in or on the Customer's premises, excluding ordinary wear and tear. The Customer shall be responsible for loss of or damage to Company property on the Customer's premises arising from neglect, carelessness, or misuse and shall reimburse the Company for the cost of necessary repairs and replacements.
3. Each Customer shall pay for any equipment damaged as a result of unauthorized breaking of seals, interfering, tampering, or bypassing the Company's equipment. In cases of tampering, interfering with the proper working of the Company's equipment, interfering with theft, or service diversion, the Customer shall be subject to immediate discontinuance of service. The Company shall be entitled to collect from the Customer at the appropriate rate for all consumption not recorded as the result of such tampering or other theft of service, as well as any additional expenses incurred by the Company for property damage, investigation of the illegal act, and all legal expenses and court costs if necessary.
4. The Customer shall notify the Company of any failure identified in the Company's equipment.
5. Nonpotable Water furnished by the Company shall be used only on the Customer's premises and shall not be resold or provided to any other person.
6. The Customer agrees, when accepting service, that no one except Company employees or persons authorized by the Company shall be allowed to alter, operate, remove, replace or make any connection to any Company property or equipment installed on the Customer's property.

F. CONTINUITY OF SERVICE

1. Deliveries of Nonpotable Water are subject to interruption, curtailment, or scheduling as necessary to match demands with available Nonpotable Water supplies. The Company shall make reasonable efforts to supply a satisfactory level of service. However, the Company shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

ISSUED

Month

Day

Year

EFFECTIVE

Month

Day

Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Rule No. 12

- a. Any cause against which the Company could not have reasonably foreseen or made provision for, *i.e.*, force majeure;
- b. Intentional service interruptions to make repairs or perform routine maintenance; or
- c. Interruptions, curtailments, or scheduling as necessary to match demands with available Nonpotable Water supplies.

G. SERVICE INTERRUPTIONS

1. In the event of a service interruption, the Company shall make reasonable efforts to reestablish service within the shortest possible time.
2. The Company shall make reasonable provision to address emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency to prevent or mitigate interruption or impairment of service.

H. MANAGEMENT PRACTICES

The Customer shall ensure that the following management practices are observed at the Reuse Facility:

1. All irrigation, construction and other uses shall be considered reuse of wastewater and shall comply with A.A.C. R18-9-703C. The Reuse Facility shall maintain an operations and maintenance manual that contains sufficient information to assure compliance with this Rule.
2. Signage and other public information practices shall comply with A.A.C. R18-9-703C.
3. All Customer's Reuse Facility operators must be made aware of and understand the requirements of this Rule and the Nonpotable Water Service Agreement.
4. No full or partial body contact shall be allowed in Nonpotable Water. Accidental contact with Nonpotable Water is not considered to be a violation of this Rule.
5. A color coding system shall be used on all new piping and outlets to meet standards set forth by the Maricopa County Health Department and A.A.C. R18-9-703, for distinguishing potable water supply lines from Nonpotable Water lines. Plans for consideration of new or modified facilities to deliver Nonpotable Water to the Reuse Facilities shall be approved and operated pursuant to applicable regulations. Schematic plans for the location of sprinkler heads, valves, back-flow devices, and any other ancillary equipment shall be maintained in accordance with the Company's standards.
6. The Customer shall apply Nonpotable Water at times to minimize contact with pedestrians.
7. The Customer shall utilize sprinkler head patterns to minimize overspray and runoff.

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ISSUED BY Ray L. Jones Vice President and General Manager

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Rule No. 12

8. The Customer shall not apply Nonpotable Water in excess of consumptive use rates, in order to prevent ponding and runoff.
9. The Customer shall notify Arizona Department of Environmental Quality within five (5) working days of an unauthorized discharge to the land surface or to the aquifer. This notice shall include:
 - a. A description of the discharge
 - b. A description of the cause of the discharge
 - c. The location of the discharge
 - d. A plan of work which addresses remedial or mitigative action

A contingency plan must be submitted to Arizona Department of Environmental Quality for review within 30 days of the violation.

I. COMPANY ACCESS TO REUSE FACILITY

The Customer shall provide the Company with free access to the Reuse Facility in order to monitor compliance with the requirements of this Rule and the Nonpotable Water Service Agreement. The Company may, in furtherance of the stated purpose and policy of this Rule:

1. Enter the Customer's premises at reasonable times
2. Inspect generally for compliance
3. Take independent samples
4. Inspect and copy records

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



NONPOTABLE WATER SERVICE AGREEMENT

THIS AGREEMENT for the sale, purchase and use of Nonpotable Water is entered into this _____ day of _____, 2000 between Citizens Communications Company, Agua Fria Division (the "Company") and _____ (the "End User") (each a "Party" and collectively, the "Parties").

RECITALS

A. The Company is a public service corporation, authorized to provide water service to customers within its certificated area pursuant to the tariffs and certificates of convenience and necessity issued to it by the Arizona Corporation Commission (the "Commission").

B. The Company desires to sell and convey Nonpotable Water to the End User and the End User desires to purchase Nonpotable Water for _____ subject to the terms and conditions of this Agreement.

C. The Nonpotable Water delivered pursuant to this Agreement may contain Reclaimed Water which was processed at the wastewater treatment plant operated under Aquifer Protection Permit # _____ and Reclaimed Wastewater Reuse Permit # _____, both issued by the Arizona Department of Environmental Quality.

THEREFORE, it is mutually agreed and understood by and between the Company and the End User as follows:

I. DEFINITIONS

The following definitions shall apply only in the context of this Agreement. These definitions complement but do not supersede any similar terms defined in the Arizona Administrative Code ("A.A.C.").

1. "ADEQ" means the Arizona Department of Environmental Quality or any successor agency that possesses regulatory authority over the use and permitting of Reclaimed Water in the State of Arizona.
2. "Company" means Citizens Communications Company and any successor, assign, or designee that conveys Nonpotable Water including Reclaimed Water from to the End User.
3. "Direct Use" means the beneficial use of Nonpotable Water by the End User for _____ at the _____.
4. "End User" means _____ and any successor, assign, or designee that directly uses Nonpotable Water for the purpose of the Direct Use.

5. "Nonpotable Water" means water that contains objectionable pollution, contamination, minerals, or infectious agents and is considered unsatisfactory for human consumption. Nonpotable Water may include any combination of Reclaimed Water, untreated surface water supplies, or untreated groundwater.
5. "Point(s) of Delivery" means the reuse meters recording discharges to the _____. Point(s) of Delivery are identified on **Exhibit A**.
6. "Reclaimed Water" means wastewater that has been treated at the _____ wastewater treatment plant located at _____ and owned by Citizens Water Services Company of Arizona or its successor, assign or designee.
7. "Reclaimed Water Standards" means the water quality standards and regulations set forth in A.A.C. R18-9-701 *et seq.* "General Requirements for Reuse of Wastewater," as those standards and regulations may be amended from time to time and other A.A.C. regulations pertaining to reclaimed water, including water quality standards and technical standards for the conveyance of reclaimed water.

II. CONDITIONS RELATED TO THE CONVEYANCE AND DIRECT USE OF NONPOTABLE WATER

1. The Company agrees to sell and convey Nonpotable Water to the End User in such quantities as the Company has available to it and the End User desires to purchase from the Company for the Direct Use. The Company will have no obligation to provide Nonpotable Water at any time when Nonpotable Water is not available for any reason.
2. The Company will convey Nonpotable Water to the End User at the Point(s) of Delivery.
3. The Company agrees that the Nonpotable Water it conveys to the End User will meet all Reclaimed Water Standards applicable to the Direct Use. The End User shall have no obligation to accept delivery of or to purchase from the Company any Nonpotable Water that does not meet all applicable Reclaimed Water Standards.
4. The End User agrees that it will use Nonpotable Water delivered by the Company under this Agreement for no purpose other than the Direct Use.
5. The End User will be responsible for the construction, operation, maintenance, repair, and replacement of all facilities owned, operated or used by it to accept, convey or use Nonpotable Water beyond the Points of Delivery.

6. The End User shall comply with the applicable irrigation and signage requirements of A.A.C. R18-9-703(C) and Reclaimed Wastewater Reuse Permit #_____.
7. The End User shall ensure that its irrigation site is dry and free from standing Nonpotable Water during normal usage periods. The End User shall not apply Nonpotable Water during times of stormwater run-off from the irrigated areas.
8. The End User shall revise its facility operations and maintenance manual to include measures that ensure compliance with the requirements of A.A.C. R18-9-703(C), Reclaimed Wastewater Reuse Permit #_____, and this Agreement.
9. The End User shall ensure that its employees are made aware of and understand the possible health risks related to Nonpotable water and the proper protocol for ensuring compliance with the applicable requirements of A.A.C. R18-9-703(C) and the facility operations and maintenance manual.
10. The End User shall use a color coding system on all new piping outlets to meet standards set forth by the Maricopa County Health Department and A.A.C. R18-9-703(C) for distinguishing potable water supply lines from Nonpotable Water lines. Plans for construction of new or modified facilities to deliver Nonpotable Water to the End Use site shall be approved and operated pursuant to A.A.C. Title 18, Chapter 9, Article 8. The End User shall maintain schematic plans for the location of sprinkler heads, valves, backflow devices and any other ancillary equipment shall and make them available to the Company upon request.
11. Partial and full body contact with Nonpotable Water is prohibited.

III. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

1. The Parties shall comply with the Reclaimed Water Standards and with any other federal, state or local statute, regulation or ordinance applicable to the Parties' generation, conveyance or use of Nonpotable Water.

IV. NONPOTABLE WATER: METERS, PAYMENTS AND OTHER COSTS

1. The End User agrees to allow the Company to install on its facilities at all Points of Delivery described in this Agreement, at the End User's cost, a water meter sized by the Company to measure the quantity of Nonpotable Water delivered to the End User. The readings from these water meters shall be the basis for all purchases and sales of Nonpotable Water under this Agreement. At the End User's request, the Company shall test a water meter. The Company shall charge the End User for such a water meter test according to the applicable tariff approved by the Commission, unless the meter is found to be over or under

register by more than three percent (3%), in which case no meter testing fee will be charged to the End User.

2. The Company will charge the End User for Nonpotable Water it delivers to the Points of Delivery according to the rate specified in the applicable Tariff. Nonpotable Water charges will be billed at the price in effect at the time of delivery.
3. The Company will provide an invoice to the End User each month for Nonpotable Water delivered to the End User during the preceding month. Each such invoice will be delinquent (15) days after it is postmarked. All taxes and governmental levies, if any, imposed on the production, sale or delivery of Nonpotable Water by the Company to the End User shall be included in said invoice.
4. The End User shall pay a late payment charge on payments that are received more than thirty (25) days after the postmark date. The late payment charge shall be one-and-one-half percent (1.5%) per month.
5. The Company will not be responsible for any costs associated with Nonpotable Water it conveys to the End User after delivery to the End User.

V. OTHER USES AND USERS

1. The End User agrees to use Nonpotable Water for no purpose other than the Direct Use as described in this Agreement. The Company may request the End User to enter into a separate agreement prior to providing Nonpotable Water to the End User for any purpose other than the Direct Use.
2. The End User agrees not to sell, deliver, furnish or otherwise provide Nonpotable Water it receives from the Company pursuant to this Agreement to any other person or entity without first obtaining the written consent of the Company and approval of such activity by ADEQ.

VI. INDEMNIFICATION OF COMPANY

1. The End User releases and agrees to indemnify, hold harmless and defend the Company, its directors, officers, employees and agents from and against any claim or cause of action for any civil penalty, loss, damage or expense, including reasonable attorney's fees, which the Company may incur or suffer by reason of the End User's conveyance or use of Nonpotable Water following delivery of Nonpotable Water to it by the Company.

VII. SUCCESSORS AND ASSIGNS

1. This Agreement contains the entire agreement by the Company and the End User with regard to the matters set forth herein and shall be binding upon and inure to the benefit of the Parties hereto, jointly and severally, and the successors and assigns of each. No assignment or transfer of this contract or right or obligation herein by one Party shall be valid until approved in writing by a duly authorized representative of the other Party, provided that such approval shall not be unreasonably withheld.

VIII. GENERAL PROVISIONS

1. Each Party to this Agreement represents and warrants to the other that it is authorized to enter into this Agreement and upon the execution hereof by the Parties this Agreement shall be binding and enforceable against the Parties in accordance with its terms.
2. Written notices to any Party to this Agreement concerning the Agreement shall be sent by certified mail or hand delivery, except that invoices and other similar communications may be sent by first class mail, addressed as follows:

To the Company

Citizens Communications Company
15626 North Del Webb Blvd.
Sun City, AZ 85308
Attn: Operations Manager
(623) 974-2521

To the End User

3. The Parties agree, upon request, to provide one another with a copy of any written report relating to the Nonpotable Water to be sold or conveyed to the End User or conveyed or used by the End User that either Party submits to ADEQ or any other governmental agency. Such reports include, but are not limited to, monitoring data addressing the quality and quantity of Nonpotable Water conveyed or used.
4. The Parties agree, upon request, to provide one another with a copy of any written report relating to the Nonpotable Water to be sold or conveyed to the End User or conveyed or used by the End User that either Party receives from ADEQ or any other governmental agency. Such reports include, but are not limited to, a Notice of Opportunity to Correct and/or Notice of Violation.
5. Revisions to this Agreement may be made provided they are in writing, signed and approved by duly authorized representatives of the Parties hereto.

6. Failure by the End User to comply with the terms of this Agreement shall be grounds for termination of service with notice by the Company in accordance with the applicable Tariff.
7. If, after initiation of operations under this Agreement, either Party believes this Agreement is not functioning in accordance with the Party's intention, such Party should notify the other Party, in writing, of its desire to resolve the perceived inequity. Upon such notification the Parties shall meet as often as necessary and expend all good faith efforts in order to resolve the concern of the Party providing notice of its desire for negotiations.
8. In the event litigation arises out of this Agreement, the prevailing Party or Parties in such litigation shall be entitled to recover from the losing Party or Parties in such litigation all costs, expenses and fees incurred therein by said prevailing Party or Parties (including such attorneys' fees as shall be fixed by the court).
9. The Company and the End User agree that they will execute any further instruments and perform any further acts that are or may become reasonably necessary to carry out the terms of this Agreement, including, but not limited to, acts or instruments requested or required by ADEQ.
10. This Agreement shall remain in effect until terminated by the mutual agreement of the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day, month and year first above written.

Citizens Communications Company

By _____

Its _____

End User

By _____

Its _____

Exhibit E

Wastewater Tariff Pages

Citizens Water Services Company
of Arizona
(Name of Company)

CANCELING 1st Revised
Original

SHEET NO. TOC
SHEET NO. TOC

Western Maricopa County, Arizona
(Name of Service Area)

Sewer Service

TABLE OF CONTENTS

	General Sanitary Sewer Service	1 – Original
	Industrial Discharge Service	2 – Original
SHU –1	Sewer Hook-Up Fees	3 – Original
	Rules and Regulations	ACC No. 1 thru ACC No. 45

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Sewer Service

Sewer Facilities Hook-Up Fee SHU – 1

Applicability

Applicable to persons or entities that construct residential homes, commercial properties, schools, parks, churches or other improvements that requesting sewer service within that portion of Company's CC&N known as the Caterpillar Property, said area being more particularly described in Decision No. _____.

Rates

Fee per Equivalent Residential Unit \$750.00

Special Conditions

1. Before applying for a building permit, requesting sewer service or entering into a Line Extension Agreement, each person or entity constructing improvements (Builder) will notify Company of how many Equivalent Residential Units will be connected as a result of expected construction.
2. Sewer Facilities Hook-Up Fees are due and payable to Company in full on the earlier of i) when a building permit is issued with respect to each improvement that is to be constructed on a lot or parcel, ii) when a water meter is installed for the improvement, or iii) when operational acceptance is issued for the sewer facilities constructed to serve the improvement.
3. Equivalent Residential Unit is that portion of a residential or commercial unit that discharges an equivalent amount of sewage as a typical single-family home. Equivalent Residential Units for various facilities are determined under the following schedule:

<u>Type of Improvement</u>	<u>Associated ERU</u>
Single Family Home	1.00
Apartment Units	0.50
Commercial Units (per acre)	4.00
Resorts (per room)	0.50
Parks acreage, Golf Courses acreage, and Right-of-Way landscaping Acreage	0.00

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Exhibit F

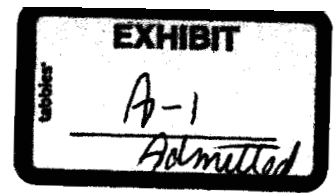
Form of Notice

**PUBLIC NOTICE OF AN APPLICATION FOR AN
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
BY [Name of Company]**

[Name of Company] has filed with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide [specific type of service] service. Our records indicate that you are either currently a customer of [Name of Company] or are a property owner in the proposed extension area. If the application is granted, [Name of Company] would be the exclusive provider of [type of service] service to the proposed area. [Name of Company] will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in [Phoenix at 1200 West Washington Street/Tucson at 400 West Congress, North Building, Room 218], and at [Name of Company and address].

The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at [1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000/400 West Congress, North Building, Room 218, Tucson, Arizona 85701 or call 1-800-535-0148].



BEFORE THE ARIZONA CORPORATION COMMISSION

200 DEC 20 P 2:37

ARIZONA CORPORATION COMMISSION
DOCUMENT CONTROL

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

IN THE MATTER OF THE APPLICATION)
OF CITIZENS COMMUNICATIONS)
COMPANY, AGUA FRIA DIVISION FOR)
(1) AN EXTENSION OF THE AREA COVERED)
BY ITS EXISTING CERTIFICATE OF)
CONVENIENCE AND NECESSITY,)
(2) APPROVAL OF THE CATERPILLAR)
PROPERTY WATER/WASTEWATER)
AGREEMENT, (3) APPROVAL OF THE)
TARIFF FOR THE WATER FACILITIES)
HOOK-UP FEE, (4) APPROVAL OF THE)
TARIFF FOR GENERAL NON-POTABLE)
WATER SERVICE, AND (5) APPROVAL OF)
RULE NO. 12 APPLICABLE TO NON-POTABLE)
WATER SERVICE)

DOCKET NO. W-01032/B-00-1043

IN THE MATTER OF THE APPLICATION)
OF CITIZENS WATER SERVICES COMPANY)
OF ARIZONA FOR (1) AN EXTENSION OF)
THE AREA COVERED BY ITS EXISTING)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY FOR WASTEWATER SERVICE,)
(2) APPROVAL OF THE CATERPILLAR)
PROPERTY WATER/WASTEWATER)
AGREEMENT, AND (3) APPROVAL OF THE)
TARIFF FOR THE WASTEWATER)
FACILITIES HOOK-UP FEE)

DOCKET NO. SW-03454A -00-1043

JOINT APPLICATION
TO EXTEND
CERTIFICATES OF
CONVENIENCE AND
NECESSITY

Pursuant to A.R.S. §40-281, *et seq.*, and A.A.C. R14-2-402(C), Joint Applicants, Citizens
Communications Company, Agua Fria Division ("Citizens") and Citizens Water Services

Company of Arizona ("DistCo") hereby submit this Joint Application to the Arizona Corporation Commission ("Commission") for the following:

1. Approval to extend each of Citizens' and DistCo's Certificates of Convenience and Necessity ("CC&N") for water and wastewater service, respectively, to serve the area as legally described in the attached Exhibit B (the "Extension Area") to reflect the continued development and growth of the area adjacent to Citizens' existing CC&N Area (the "Project"), which is being developed by DMB White Tank, LLC, an Arizona limited liability company (the "Developer");
2. Approval of the Caterpillar Property Water/Wastewater Agreement (the "Agreement"), between Citizens, DistCo, and Developer;
3. Approval of the tariff to be charged by Citizens for the Water Facilities Hook-Up Fee (as defined in the Agreement);
4. Approval of the tariff to be charged by Citizens for general non-potable water service;
5. Approval of Rule No. 12 applicable to non-potable water service.
6. Approval of the tariff to be charged by DistCo for the Wastewater Facilities Hook-Up Fee.

In support of this Joint Application, Citizens and DistCo state as follows:

I.

A. Citizens is a diversified public utility which through operating divisions or subsidiaries provides electric, natural gas, telecommunications, water and wastewater service to

approximately 1.8 million customers in 20 states, including Arizona. Under authority granted by the Commission, Citizens provides water and wastewater utility services to the public in portions of Maricopa County, Mohave County and Santa Cruz County, Arizona. Through its Agua Fria Division, Citizens provides water service to portions of Maricopa County, Arizona.

B. DistCo is a public service corporation engaged in the business of providing water and wastewater utility services to portions of Maricopa County Arizona, pursuant to authority granted by the Commission.

C. As contemplated by the Agreement, the Project is undergoing new development, which is planned for the Extension Area. The new residents and business that will be located within the Project will need water and wastewater utility services. To serve this new development, Citizens and DistCo propose to extend their certificated water and wastewater service areas, respectively, to include the Extension Area, which is immediately adjacent to Citizens' existing certificated area, and which is not presently being served by another certificated utility.

II.

A. The Commission previously granted CC&Ns to both Citizens and DistCo, and authorized the rates and charges set forth the corresponding Opinions and Order.

B. Under Section 7.2 of the Agreement, Citizens intends to charge all builders working on the Project a fee per ERU within the Extension Area for purposes of funding the construction costs for a portion of the water infrastructure (the "Water Facilities Hook-Up Fee"). The initial amount of the Water Facilities Hook-Up Fee will be \$1,500.00 per ERU for potable water service.

C. Under Section 6.2 of the Agreement, Citizens intends to charge a general non-potable water service tariff at the initial rate of \$0.62 per 1000 gallons of non-potable water.

D. Citizens intends to implement Rule No. 12 applicable to non-potable water service.

E. A copy of the proposed Water Facilities Hook-Up Fee tariff, the proposed non-potable water service tariff, the proposed Rule No. 12 and related tariff modifications are attached as Exhibit D.

F. Under Section 7.2 of the Agreement, DistCo intends to charge all builders working on the Project a fee per ERU within the Extension Area for purposes of funding the construction costs for a portion of the wastewater infrastructure (the "Wastewater Facilities Hook-Up Fee"). The initial amount of the Wastewater Facilities Hook-Up Fee will be \$750.00 per ERU for wastewater service. A copy of the proposed tariff and related tariff modifications is attached as Exhibit E.

G. The Agreement sets forth in detail the contemplated development of the Project, the planned construction and development of the infrastructure necessary to provide the water/wastewater services for the Project, the rate structures for the Project, and the responsibilities of the parties thereto. A copy of the Agreement is attached as Exhibit A.

H. Both Citizens and DistCo submit that the provisions of the Agreement are reasonable and in the public interest.

I. Citizens and DistCo's request for the issuance of the extension to the existing CC&Ns is expressly conditioned on the Commission's approval of the Agreement without amendment or modification. If the Commission does not provide these approvals, Citizens and

DistCo each reserve the right to withdraw their request for issuance of the extension to the existing CC&Ns.

III.

Citizens and DistCo propose to extend their respective CC&Ns to encompass the Extension Area. The Extension Area is located within the Town of Buckeye, Maricopa County, Arizona. The Extension Area is contiguous to the existing service areas of Citizens. The legal description for the proposed Extension Area is the same for Citizens and DistCo and is attached as Exhibit B. Citizens and DistCo's existing certificated areas are depicted in the color-coded maps attached as Exhibit C, which also identifies the location of the Extension Area in relation to the existing certificated areas.

IV.

There is a public need and necessity for water and wastewater utility and treatment services in the Extension Area. No other public service corporation is providing such services in or near the Extension Area.

V.

Citizens and DistCo are financially sound and are able to provide water and wastewater utility and treatment services to the public within the proposed Extension Area. Citizens and DistCo are fit and proper entities to have their respective CC&Ns extended to the Extension Area.

VI.

With the exception of the tariffs for which the Joint Applicants are seeking approval under this application, the authorized rates and charges for Citizens and DistCo, as set forth in their approved tariffs on file with the Commission, will be applied to the water and wastewater utility services provided in the Extension Area.

VII.

The estimated number of customers to be served at build out by Citizens and DistCo within the Extension Area is 9,589 residential units and 2,056 commercial equivalent units, receiving water and wastewater utility service. In addition, up to 1,095 acres of turf and landscape will receive non-potable water service.

VIII.

- A. Citizens and DistCo will obtain authorization from the Town of Buckeye with regard to the water and wastewater services for the Project.
- B. Authorization from the Town of Buckeye will be filed with the Commission when it is available.

IX.

Notice of this Joint Application has been provided to Developer, Caterpillar Foundation, an Illinois not-for-profit corporation and Arizona Department of Transportation in the form attached as Exhibit F.

X.

As affiliates of each other and in light of the Agreement, each Joint Applicant will provide the Commission access to its books and records under A.A.C. R14-2-804(A).

XI.

All correspondence regarding this Joint Application should be addressed to:

Mr. Ray Jones
Vice President and General Manager
Citizens Communications Company
15626 North Del Webb Boulevard
Sun City, Arizona 85351
(623) 815-3124

XII.

For the foregoing reasons, Joint Applicants respectfully request that the Commission expeditiously process this Joint Application, schedule a public hearing, and issue an Order that grants this Joint Application in its entirety.

DATED: December 20, 2000.

Respectfully submitted,

GALLAGHER & KENNEDY, P.A.

By: _____


Terence W. Thompson, Esq.

Mike Grant, Esq.

Judith K. Gargiulo, Esq.

2575 East Camelback Road

Phoenix, Arizona 85016

Attorneys for the Joint Applicants

Exhibit A

Caterpillar Property Water/Wastewater Agreement

CATERPILLAR PROPERTY WATER/WASTEWATER AGREEMENT

between

DMB WHITE TANK, L.L.C.

and

CITIZENS COMMUNICATIONS COMPANY
(and Affiliate)

Dated as of November 1, 2000

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EXHIBITS

- Exhibit A - Definitions
- Exhibit B - Legal Description of Land
- Exhibit C - Map of Project Location and Boundaries
- Exhibit D - Outline of Wastewater Design Report
- Exhibit E - Refunds of Developer's Advances
- Exhibit F - Insurance
- Exhibit G - Projected Phase I Off-Site Facilities
- Exhibit H - Assignment and Assumption Agreement

CATERPILLAR PROPERTY WATER/WASTEWATER AGREEMENT

AGREEMENT dated as of November 1, 2000, between DMB WHITE TANK, L.L.C., an Arizona limited liability company ("Developer"), CITIZENS COMMUNICATIONS COMPANY, a Delaware corporation ("Citizens"), and CITIZENS WATER SERVICES COMPANY OF ARIZONA, an Arizona corporation ("DistCo").

RECITALS:

A. Caterpillar Foundation (the "Owner") is an Illinois not-for-profit corporation. Owner owns approximately 8,635 acres of land (the "Caterpillar Land") known as the "Caterpillar property" in the Town of Buckeye ("Buckeye"), Arizona. The location of the Caterpillar Land is shown on Exhibit B. Owner and Developer have entered into a Master Agreement dated September 30, 1999 (the "Master Agreement"), under which Developer has certain rights to acquire and develop the Land.

B. The Master Agreement contemplates the establishment of a subdivision trust under which Owner is first beneficiary and Developer is second beneficiary and which has the Caterpillar Land as part of the trust estate (the "Subdivision Trust").

C. Developer owns approximately 165 acres of land (the "DMB Land") adjacent to the Caterpillar Land and also located in Buckeye. The location of the DMB Land is also shown on Exhibit B. (The Caterpillar Land and the DMB Land are collectively the "Land.")

D. Developer intends to develop a new community known as WhiteStone on (and having the same perimeter boundary as) the Land, as described in Exhibit C ("Project").

D. Developer intends to develop a new community known as WhiteStone on (and having the same perimeter boundary as) the Land, as described in Exhibit C ("Project").

E. Buckeye and Developer entered into that certain Pre-Annexation and Development Agreement dated as of November 24, 1999, and recorded in the official records of the Office of the Maricopa County Recorder on November 26, 1999, as Document No. 99-19171208 (the "Development Agreement"). The Development Agreement incorporates by reference the Community Master Plan for the Land which legally entitles Developer to develop approximately 14,080 residential dwelling units and approximately four million square feet of commercial and industrial development on the Land.

F. Pursuant to the Master Agreement, Developer is authorized to enter into this Agreement.

G. Citizens holds a certificate of convenience and necessity issued by the Arizona Corporation Commission (the "Commission") regarding Citizens' provision of public utility water service to property adjacent to Project.

H. DistCo holds a certificate of convenience and necessity issued by the Commission regarding DistCo's provision of public utility wastewater service to property in Maricopa County, Arizona.

I. Developer desires that the Citizens Parties provide public utility water and wastewater services in the Project.

J. The Citizens Parties desire to provide public utility water and wastewater services in the Project. To that end, Citizens Parties are willing to apply to the Commission for the expansion of their respective certificates of convenience and necessity to include the Project.

AGREEMENT:

NOW, THEREFORE, the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions.

Capitalized terms and other terms used in this Agreement have the meanings set forth in Exhibit A, unless the term is defined elsewhere in this Agreement and unless the context otherwise requires. Those terms include the singular and the plural forms of the defined terms.

ARTICLE II

AUTHORIZATIONS

2.1 Authorizations.

a. Citizens. Citizens will, at its own expense on a timely basis, take all reasonable steps necessary to obtain, maintain and renew any Authorizations.

b. DistCo. DistCo will, at its own expense on a timely basis, take all reasonable steps necessary to obtain, maintain and renew any Authorizations.

2.2 Cooperation.

Developer will, at its own expense on a timely basis, do whatever is reasonably necessary to assist the Citizens Parties in obtaining any Authorizations.

2.3 Condition Subsequent.

The obligations of the Citizens Parties under this Agreement are contingent on obtaining the Authorizations.

2.4 Application to Commission.

The Citizens Parties will submit a joint application to the Commission for (a) extension of their respective certificates of convenience and necessity to include the Project, and (b) approval of this Agreement. After the filing of the application, the Citizens Parties will diligently pursue Commission approval of the application. The Citizens Parties will withdraw the application if a Commission staff report recommends approval of the extension of the certificates of convenience and necessity, but does not recommend approval of this Agreement (or recommends approval of this Agreement with material modifications), unless the Parties agree to the continued pursuit of Commission approval of the application. In addition, if the Commission approves the application to extend the Citizens Parties' certificates of convenience

and necessity so as to include the Project, but the Commission does not approve this Agreement (or approves this Agreement with material modifications), then Developer may apply for the deletion of the Project from the Citizens Parties' certificates of convenience and necessity, and the Citizens Parties will support Developer's application. The Parties intend that Commission approval of the application to extend the Citizens Parties' certificates of convenience and necessity so as to include the Project and Commission approval of this Agreement occur concurrently.

2.5 Consent from Buckeye.

The Citizens Parties will apply to Buckeye for a franchise, interim operating agreement, license, easement or other right to use the rights-of-way within Buckeye. After filing the application with the Commission, the Citizens Parties will diligently pursue approval of the application by Buckeye.

ARTICLE III

MASTER PLAN

3.1 Master Plan.

a. Preparation by Developer. Developer at its own expense will prepare, revise and complete a comprehensive water and wastewater master plan for the Project consistent with the Development Agreement. The master plan will, as a minimum, (i) show locations and sizing of all of the Phase I Off-Site Facilities and the location, and sizing of all phases of On-Site Backbone Facilities, (ii) evaluate and plan location, sizing and phasing of Subsequent Off-Site Facilities located within the Project, and (iii) include an evaluation of expected wastewater treatment and disposal standards and a description of wastewater treatment technologies to be used to meet standards, including a design report addressing the items set forth in Exhibit D. The master plan will be updated and amended from time to time when Developer requests approval from Buckeye for a planning unit at the Project and as otherwise agreed by Developer and the Citizens Parties to reflect material changes in development densities, regulatory requirements, expected levels of service, or other factors which significantly impact the development of the Project.

b. Review by the Citizens Parties. The master plan will be provided by Developer to the Citizens Parties for review and approval. Developer will obtain written approval from the Citizens Parties of the master plan before beginning construction of any Facility. These reviews and approvals will be conducted and granted at the cost and expense of the Citizens Parties. These reviews and approvals will not be unreasonably withheld or delayed by the Citizens Parties. The Citizens Parties will conduct their initial review of the master plan within 60 days after receipt of submittal. The Citizens Parties will provide all comments in writing within that

period. Subsequent reviews by the Citizens Parties of any amendments to the master plan will be conducted within 15 days after receipt by the Citizens Parties of the amendments to the master plan. Comments to such amendments will also be provided by the Citizens Parties in writing. If either of the Citizens Parties does not respond in writing within the applicable period, it will be deemed to have approved the master plan or the amendment, as the case may be. If either of the Citizens Parties does respond with written comments objecting to elements of the master plan within the applicable period, the master plan or the amendment (as the case may be) is not approved. Any subsequent resubmission of the master plan or the amendment (whether or not revised in response to those comments and any discussions regarding them) will be subject to the same procedures and time periods for review. If the Citizens Parties approve the master plan or the amendment, the Citizens Parties will so notify Developer.

c. Plan of the Citizens Parties. The Citizens Parties will amend, at their own expense, their respective master plans for water and wastewater service within the areas circumscribed by their respective certificates of convenience and necessity so as to include the Project.

ARTICLE IV

FACILITY ADVANCES AND REFUNDS

4.1 Developer Construction of Facilities.

Developer will construct or cause to be constructed for future use of the Citizens Parties, in accordance with Article V hereof, the Phase I Off-Site Facilities and all phases of the On-Site Backbone Facilities. If requested by the Citizens Parties, Developer will oversize Facilities within the Project as specified by the Citizens Parties. The Citizens Parties will request any oversizing to a Facility within 30 days after Developer notifies the Citizens Parties that the preparation of the construction plans and specifications for that Facility has begun, provided that such preparation has not begun earlier than is required in the ordinary course of construction of similar facilities. The Citizens Parties will reimburse Developer for the incremental difference in construction costs of the oversized Facilities, versus the construction costs of the Facilities detailed in the approved master plan, as determined by an oversize study (which study will be prepared by the Citizens Parties at their expense) and cost estimate acceptable to the parties. The Citizens Parties will make progress payments within 30 days of receiving Developer's own invoice covering the costs of engineering and construction performed and paid by Developer for oversized Facilities. Those invoices will be submitted no more frequently than monthly during the period of construction of said oversized Facilities.

4.2 Land and Other Property.

a. Requisite Land. Promptly after Operational Acceptance of a Facility or any phase thereof (or earlier if mutually agreed), Developer will convey (or cause to be conveyed) to the Citizens Parties the underlying real property, as mutually agreed upon by the Citizens Parties and Developer, for (A) Phase I Off-Site Facilities, and (B) those phases of the Subsequent Off-Site

Facilities located within the Project, (C) any portion of the On-Site Backbone Facilities not located in a public right-of-way or utility easement, plus (D) any improvements thereon (and any other assets as may be agreed to). Notwithstanding the foregoing, for any Off-Site Facility located within the Project, Developer will convey (or cause to be conveyed) the entire site for all phases of the Off-Site Facility to Citizens or DistCo, promptly after Operational Acceptance of the first phase of the Off-Site Facility. Real property and interests in real property other than for the foregoing purposes (for example, for Subsequent Off-Site Facilities not located within the Project) which the Citizens Parties desire to acquire from Developer are not subject to this Agreement; if Citizens or DistCo desires to acquire any such property from Developer, such acquisition must be pursuant to a separate agreement between Citizens (or, as applicable, DistCo) and Developer.

b. Price. All real property to be conveyed to the Citizens Parties' pursuant to paragraph (a) of this Section will be conveyed in fee simple for the purchase price of (i) for real property located within the Project (A) which is for the Phase I Off-Site Facilities or any additional land required by paragraph (a) above to be conveyed simultaneously with the Phase I Off-Site Facilities, \$20,000 per acre, and (B) which is for other purposes, \$20,000 per acre plus an amount equal to \$600 for each twelve-month period that has transpired after the anniversary of the last conveyance made pursuant to clause (A), and (ii) for real property located outside the Project, Developer's actual costs in acquiring that real property (including costs paid to an Affiliate of Developer). Payment of the purchase price will be as follows: (I) if the real property is for Phase I Off-Site Facilities, any additional land required to be conveyed simultaneously with the Phase I Off-Site Facilities, or On-Site Backbone Facilities, no money will actually change hands, and the purchase price will be deemed to be part of Developer's Advances, which are

subject to refund as provided in this Agreement, and (II) if the real property is for other purposes, the Citizens Parties will pay the purchase price to Developer in cash at the time of conveyance.

c. Documentation and Title. Developer will execute and deliver, or (with respect to Land held in the Subdivision Trust) cause to be executed and delivered, to the Citizens Parties documents of conveyance (including special warranty deeds) in form reasonably satisfactory to the Citizens Parties to convey all real property to be conveyed to the Citizens Parties pursuant to paragraph (a) of this Section. The documents of conveyance will be accompanied by an extended coverage title insurance policy in form and substance acceptable to the Citizens Parties and issued by a title insurance company acceptable to the Citizens Parties to be issued in the name of and delivered to the Citizens Parties, with coverage in an amount not less than the amount of the Developer's Advances with respect to the Facilities located on that real property. Prior to issuance of the policy, Developer will cause a preliminary title report (together with copies of surveys of real property, any documents referenced in the report, and any other documents reasonably requested by the Citizens Parties) to be provided to the Citizens Parties. If the Citizens Parties object to any lien, exception or other encumbrance shown in the preliminary title report, then prior to issuance of the policy (which will be at no cost to the Citizens Parties) Developer will cause the lien, exception or other encumbrance to be removed (or provide the Citizens Parties with a written indemnity or title endorsement with respect thereto in form and substance acceptable to the Citizens Parties).

d. Land for Oversized Facilities. Additional land which may be required for any oversized Facility shall be conveyed in accordance with this Section 4.2 except that the purchase price for the land shall be the fair market value of the land and will be paid to Developer in cash at the time of conveyance.

4.3 Easements for the Citizens Parties.

Developer will obtain and convey, or cause to be obtained and conveyed by the Builders, to the Citizens Parties all easements, licenses and rights-of-way required for the Citizens Parties to provide Water Services and Wastewater Services within the Project (including easements for the On-Site Backbone Facilities) excepting any easements, licenses or rights-of-way located outside of the Project and needed for Subsequent Off-Site Facilities. These easements, licenses and rights-of-way will not require the Citizens Parties to obtain approval of any homeowners association or similar group for any construction, repair, or replacement of any Facility. If Developer needs to obtain these easements, licenses or rights-of-way from other persons other than its Affiliates, the cost of the easements, licenses or rights-of-ways will constitute Developer's Advances. The Citizens Parties will cooperate with Developer in Developer's efforts to obtain these easements, licenses and rights-of-way.

4.4 Water Meters

Prior to Final Acceptance, Developer or Builder will submit a cash payment equal to the Citizens Parties' then current tariff rates as an advance in aid of construction for all meter installations in a phase of construction to be connected directly to the On-Site Backbone Facilities.

4.5 Developer's Advances.

The amounts described in Sections 4.1, 4.3, and 4.4 above that are actually paid by Developer and invoiced in accordance with Section 5.11 will be advances in aid of construction (the "Developer's Advances").

4.6 Refunds of Developer's Advances.

In accordance with Exhibit E, Citizens or DistCo, as applicable, will refund to Developer the Developer's Advances.

ARTICLE V

DEVELOPER-CONSTRUCTED FACILITIES

5.1 Construction Plans and Specifications.

a. Preparation. After approval (or deemed approval) by the Citizens Parties of the master plan, and as and when construction of a phase is contemplated, Developer will complete or cause to be completed (as needed to enable the Citizens Parties to timely provide Water Services and Wastewater Services to the Project) all engineering, construction plans and specifications necessary for construction of each phase of the Phase I Off-Site Facilities and the On-Site Backbone Facilities consistent with the approved master plan and any oversizing requested by the Citizens Parties. All of those engineering, construction plans and specifications will be in accordance with (a) the Citizens Parties' standards and specifications, which will not be unreasonable for utility construction in Maricopa County, and (b) to the extent applicable, all requirements and rules and regulations of the Commission, Buckeye (to the extent required by operating agreement, franchise or otherwise), and all other regulatory agencies having jurisdiction. The engineering, construction plans and specifications will also be of sufficient detail to specify material types, manufacturers, and installation methods and procedures, all of which will be in accordance with the Citizens Parties' standards and specifications, which will not be unreasonable for utility construction in Maricopa County.

b. Approval by the Citizens Parties. Developer will submit the engineering, construction plans and specifications to the Citizens Parties for review and approval. The Citizens Parties will conduct all reviews, make all comments and revisions, and grant all approvals at their own expense. The Citizens Parties will not unreasonably withhold their review or approval. Together with the engineering, construction plans and specifications, Developer

will submit (for information purposes only and in full-size blueprint format, unless Developer and the Citizens Parties mutually agree to electronic data format, half-size bond copies, and/or other media) preliminary plats, final plats, address maps and other similar items which may be reasonably requested by the Citizens Parties. The Citizens Parties will conduct their review of the engineering, construction plans and specifications within 45 days after receipt of submittal. The Citizens Parties will provide all comments in writing within that period. Subsequent reviews of any amendments or other changes to the engineering, construction plans and specifications will be conducted within 15 days after receipt of the amendments. Comments to those amendments will also be provided by the Citizens Parties in writing. If either of the Citizens Parties does not respond in writing within the applicable period, it will be deemed to have approved the plans and specifications or the amendment, as the case may be. If either of the Citizens Parties does respond with written comments objecting to elements of the engineering, construction plans, and specifications within the applicable period, the engineering, construction plans and specifications or the amendment (as the case may be) is not approved. Any subsequent resubmission of the engineering, construction plans and specifications or the amendment (whether or not revised in response to those comments and any discussions regarding them) will be subject to the same procedures and time periods for review. If the Citizens Parties approve the engineering, construction plans and specifications or the amendment, the Citizens Parties will so notify Developer.

c. Early Commencement. Unless otherwise agreed to in writing by Developer and the Citizens Parties, if Developer begins construction of any Phase I Off-Site Facilities or any On-Site Backbone Facilities before all approvals required by this Agreement have been obtained, any subsequent repair, alteration, inspection or reconstruction necessary to comply with such

approvals will be the sole responsibility of Developer (and the costs of that repair, alteration, inspection or reconstruction will not constitute Developer's Advances).

5.2 Permits, Materials and Labor, Construction.

As and when required to construct all Phase I Off-Site Facilities and On-Site Backbone Facilities set forth on the approved construction plans and specifications in a manner that will enable the Citizens Parties to place them into satisfactory operation as needed to provide timely Water Services and Wastewater Services to the Project, Developer will (a) obtain and pay for all permits, zoning, easements and approvals, including environmental and facility permits (such as aquifer protection permits and underground storage facility permits), but excluding the costs associated with the Citizens Parties' obtaining certificates of convenience and necessity from the Commission or franchises from Buckeye, and (b) provide and pay for all materials and transportation, equipment, power, labor, supervision (including construction management pursuant to contracts with third parties which are not Affiliates of Developer), testing, insurance, bonds and all else so required. Citizens will take all reasonable steps to assist Developer in connection with its applications for those permits, zoning, easements and approvals. Developer may enter into such engineering, design and construction contracts (including construction management contracts with third parties which are not Affiliates of Developer) as Developer deems appropriate in connection with the design and construction of the Phase I Off-Site Facilities and the On-Site Backbone Facilities without approval or review of such contracts by the Citizens Parties. All construction will be consistent with the approved master plan unless the Parties otherwise agree.

5.3 Operational Acceptance.

Promptly upon request by Developer from time to time, and at such other times as the Citizens Parties may reasonably deem necessary or appropriate, the Citizens Parties will inspect all construction of the Phase I Off-Site Facilities and the On-Site Backbone Facilities. The Citizens Parties will conduct inspections within a time period consistent with normal construction procedures after requested by Developer. Developer will comply with the reasonable inspection and testing requirements of the Citizens Parties. No phase of the Phase I Off-Site Facilities or the On-Site Backbone Facilities will be placed in service until (i) such phase has been inspected by the Citizens Parties, (ii) the requirements stated in the next sentence have been satisfied, and (iii) the Citizens Parties have issued their written acceptance of that phase ("Operational Acceptance"). To be eligible for Operational Acceptance, each phase of the Facilities for which Developer requests Operational Acceptance must satisfy the following requirements: (A) Developer has made all submittals and obtained all approvals required in accordance with Section 5.1, (B) the submittals are in accordance with the standards, specifications and other requirements, rules and regulations set forth in Section 5.1(a), (C) Developer has completed construction of such phase (except for final grading adjustments and other minor punch list items), (D) such phase has been successfully tested, and it can be used for its intended purpose, (E) the construction is in accordance with the approved plans and specifications, and (F) such phase is currently necessary for the Citizens Parties to provide Water Services and Wastewater Services. The Citizens Parties will not unreasonably withhold or delay Operational Acceptance of the Facilities or any phase thereof. The Citizens Parties will notify Developer of Operational Acceptance within 15 days after satisfaction of the foregoing

requirements with respect to that phase. Operational Acceptance will be evidenced by written notice by the Citizens Parties to Developer.

5.4 Commencement of Service.

Developer agrees that the completion of its work on the Phase I Off-Site Facilities and the On-Site Backbone Facilities will be timed so as to enable the Citizens Parties to provide Water Services and Wastewater Services when such services are requested by Developer.

5.5 Title.

Each phase of the Facilities will become the property of the appropriate Citizens Party upon issuance by the appropriate Citizens Party of an Operational Acceptance for that phase. Such transfer of the Facilities to the Citizens Parties occurs automatically by operation of this Section, without the requirement of any written documents of transfer to the Citizens Parties. Developer will execute promptly such documents as the Citizens Parties may reasonably request to evidence (a) transfer of possession and title of the Facilities or any phase thereof to the Citizens Parties, and (b) the holding by the Citizens Parties of good and merchantable title to all of the Facilities or any phase thereof, free and clear of all mechanics and similar liens and other encumbrances.

5.6 Warranty.

For 12 months after Operational Acceptance of any phase of the Phase I Facilities and the On-Site Backbone Facilities (the "Developer Warranty Period"), Developer warrants that all construction, including materials and workmanship of such phase is substantially in accordance with the construction plans and specifications, is properly installed and capable of being fully operational, and is free of material defects. If the Citizens Parties believe that any of the foregoing warranties have been violated, the Citizens Parties will provide written notice to

Developer within the Developer Warranty Period specifying the breach and the action the Citizens Parties believe is necessary to correct such breach. Upon the receipt of such written notice, Developer will have a period of 30 days to commence correction of such breach. The Citizens Parties will allow Developer and its agents, employees, contractors, engineers, and subcontractors access to the Facilities in connection with any repairs necessary as a result of such breach. The Citizens Parties will at all times cooperate with Developer and its agents, employees, contractors, engineers, and subcontractors in making such repairs and corrections. As long as Developer completes the repairs and corrections within 60 days after the receipt of the Citizens Parties' notice (or such longer period as may be determined by Developer and the Citizens Parties to be reasonably necessary to effect the repair and correction), Developer will not have additional liability to the Citizens Parties or any other person as the result of such breach. If Developer does not cause the breach to be corrected within that period, then the Citizens Parties may cause the repair or correction, in which case Developer will reimburse the Citizens Parties for their reasonable costs and expenses in connection with the repair and correction.

5.7 Repairs.

Developer will repair or cause to be repaired promptly, at no cost to the Citizens Parties, any damage to the Facilities caused by Developer, its subcontractors, or an Affiliate of Developer, whether or not the cause is related to construction to be performed by Developer under this Agreement.

5.8 Indemnification.

a. By Developer.

Developer will indemnify, save and hold the Citizens Parties harmless from and against all claims, actions, lawsuits, proceedings, losses, liabilities, judgments, damages, costs

and expenses (including reasonable attorneys' fees and court costs) (collectively, "claims") that may be based upon any injury or alleged injury or death to any person or damage to property that may occur, or that may be alleged to have occurred, in the course of the performance of the construction under this Agreement by Developer or by any of its subcontractors or Affiliates, whether such claim is made by any employee of Developer or by a third person, and whether or not it is claimed that the alleged injury, death or damage was caused through a negligent act or omission of Developer, or of any of its subcontractors. This indemnity does not apply to claims arising solely from negligent or intentional acts of any of the Citizens Parties, its agents, servants, employees or Affiliates. In furtherance of (and without limiting) the foregoing, Developer will, at its own cost and expense, pay all costs and other expenses (including reasonable attorneys' fees) of the Citizens Parties arising from any claim, or incurred in connection therewith. In furtherance of (and without limiting) the foregoing, if any judgment is rendered against any of the Citizens Parties in any such claim, Developer will, at its own cost and expense, satisfy and discharge the judgment.

b. By Citizens Parties.

The Citizens Parties will indemnify, save and hold the Developer harmless from and against all claims that may be based upon any injury or alleged injury or death to any person or damage to property that may occur, or that may be alleged to have occurred, in the course of the performance of the construction under this Agreement by the Citizens Parties or by any of its subcontractors or Affiliates, whether such claim is made by any employee of the Citizens Parties or by a third person, and whether or not it is claimed that the alleged injury, death or damage was caused through a negligent act or omission of the Citizens Parties, or of any of its subcontractors. This indemnity does not apply to claims arising solely from negligent or intentional acts of any of

Developer, its agents, servants, employees or Affiliates. In furtherance of (and without limiting) the foregoing, the Citizens Parties will, at its own cost and expense, pay all costs and other expenses (including reasonable attorneys' fees) of Developer arising from any claim, or incurred in connection therewith. In furtherance of (and without limiting) the foregoing, if any judgment is rendered against any of Developer in any such claim, the Citizens Parties will, at its own cost and expense, satisfy and discharge the judgment.

c. Notice and Opportunity to Defend.

i. Notice, Etc. If any person entitled to indemnification under this Section (an "Indemnitee") receives notice of any third-party claim or commencement of any third-party action or proceeding (an "Asserted Liability") with respect to which Developer or the Citizens Parties (as applicable, "Indemnitor") is obligated to provide indemnification pursuant to this Section, the Indemnitee will promptly give all Indemnitors notice thereof. The Indemnitee's failure so to notify an Indemnitor will not cause the Indemnitee to lose its right to indemnification under this Section, except to the extent that such failure materially prejudices the Indemnitor's ability to defend against an Asserted Liability that such Indemnitor has the right to defend against hereunder. Such notice will describe the Asserted Liability in reasonable detail and, if practicable, will indicate the amount (which may be estimated) of the losses that have been or may be asserted by the Indemnitee. Except as provided in Section 5.8(c)(ii), each of the Indemnitors will have the right, but not the obligation, to defend against an Asserted Liability on behalf of the Indemnitee utilizing counsel reasonably acceptable to the Indemnitee, provided that (A) the Indemnitor notifies the Indemnitee in writing within a reasonable time after the Indemnitee has given notice of the Asserted Liability that the Indemnitor will indemnify the Indemnitee from and against all losses the Indemnitee may suffer resulting from, arising out of,

relating to, in the nature of, or caused by the Asserted Liability, (B) the Indemnitor provides the Indemnatee with evidence reasonably acceptable to the Indemnatee that the Indemnitor will have the financial resources to defend against the Asserted Liability and fulfill its indemnification obligations under this Agreement, (C) the Asserted Liability involves only monetary damages and does not seek an injunction or equitable relief or involve the possibility of criminal penalties, and (D) the Indemnitor conducts the defense of the Asserted Liability actively and diligently.

ii. Conflicts. Notwithstanding the foregoing, Indemnitor will not have the right to assume the defense against an Asserted Liability if the Indemnatee reasonably objects to such assumption on the grounds that counsel for such Indemnitor cannot represent both the Indemnatee and the Indemnitor because such representation would be reasonably likely to result in a conflict of interest or because there may be defenses available to the Indemnatee that are not available to such Indemnitor.

iii. Conduct of Defense. As long as the Indemnitor is conducting the defense of the Asserted Liability in accordance with Section 5.8 (c)(i), (A) the Indemnatee may retain separate co-counsel at its sole cost and expense and participate in the defense of the Asserted Liability, (B) the Indemnatee will not consent to the entry of any judgment or enter into any settlement with respect to the Asserted Liability without the prior written consent of the Indemnitor (which will not be unreasonably delayed, conditioned, or withheld), and (C) the Indemnitor will not consent to the entry of any judgment or enter into any settlement with respect to the Asserted Liability without the prior written consent of the Indemnatee (which will not be unreasonably delayed, conditioned or withheld).

iv. Failure to Conduct Defense. In the event or to the extent that any of the conditions set forth in Section 5.8 (c)(i) is not satisfied or ceases to be satisfied, or if the

Indemnitor elects not to assume the defense of an Asserted Liability, or if the Indemnitor has no right to assume the defense of an Asserted Liability under Section 5.8(c)(ii), (A) the Indemnitee may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Asserted Liability and any matter it may deem appropriate in its sole discretion and the Indemnitee need not consult with, or obtain any consent from, the Indemnitor in connection therewith (but will keep the Indemnitor reasonably informed regarding the progress and anticipated cost thereof), (B) the Indemnitor will reimburse the Indemnitee promptly and periodically for the cost of defending against the Asserted Liability (including investigative costs, reasonable attorneys' fees and other expenses), (C) the Indemnitor will remain responsible for any adverse consequences the Indemnitee may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Asserted Liability to the fullest extent provided in this Agreement, and (D) the Indemnitor will be deemed to have waived any claim that its indemnification obligation should be reduced because of the manner in which the counsel for the Indemnitee handled the Asserted Liability.

5.9 Insurance.

Developer will furnish the Citizens Parties with evidence of insurance coverage as set forth on Exhibit F. Such evidence will be furnished prior to the commencement of construction by Developer. Citizens will furnish Developer with evidence of insurance coverage as set forth on Exhibit F.

5.10 Clean-Up.

Upon completion of work, Developer will remove all equipment belonging to it or used under its direction or by its subcontractors, and will dispose of all unused materials, rubbish, surplus excavated materials and debris. Developer will repair all roads, sidewalks and other

public or private rights-of-way damaged by its work. The repairs will be made in accordance with the requirements of governmental bodies or private associations having jurisdiction over the repairs.

5.11 Developer Invoice

For each phase of Facilities construction by Developer, Developer will submit, within sixty (60) days of receiving Operational Acceptance of the Facilities in that phase, Developer's own invoice covering (a) the costs of engineering and construction performed hereunder or otherwise expended by or on behalf of Developer in accordance with Sections 5.1 and 5.2 pertaining to the accepted Facilities, and (b) costs of land, real property and easements allowed under Sections 4.2 and 4.3 (to the extent such costs were not paid at the time of conveyance as contemplated by Section 4.2(b) and (d), together with (i) all bills, statements, invoices and all other evidences of expense received by Developer from subcontractors, suppliers and others for all engineering and other services, materials installed, construction performed, equipment provided and materials purchased pursuant to this Agreement relating to the Facilities in question, and (ii) all reasonable additional supporting data in Developer's possession that the Citizens Parties may request relating to the Facilities in question. The total costs invoiced by Developer and determined by the Citizens Parties to be costs that are described in clauses (a) and (b) above, will constitute Developer's Advances subject to refund pursuant to Section 4.6.

5.12 As-Built Plans.

With respect to any phase of a Facility as to which Operational Acceptance has occurred, Developer will (within 60 days after Operational Acceptance) submit to the Citizens Parties as-built plans for all Facilities constructed by Developer. These plans will be in full-size 4-mil mylar format together with two full size blueline or blackline copies, unless Developer and

the Citizens Parties mutually agree to electronic data format, half-size bond copies and/or other media. All as-built plans will (a) be certified as to correctness by an engineer registered in the State of Arizona, (b) show the location, sizes, and construction details for all Facilities, and (c) provide all other information required by the Commission and all other regulatory authorities.

5.13 Lien Waivers.

In connection with (and accompanying) each Developer's invoice for a phase of the Facilities submitted under Section 5.11, Developer will provide to the Citizens Parties, for all amounts requested under such invoices, lien waivers from each of the contractors, subcontractors and suppliers of materials and labor under this Agreement whose services or materials are included in the invoice (and releases of any mechanics lien claims).

5.14 Final Acceptance.

For each phase of the Facilities for which Operational Acceptance has occurred, the Citizens Parties will issue their written final acceptance ("Final Acceptance") as to that phase when (a) Developer has made all submittals required in accordance with Sections 5.11, 5.12 and 5.13, (b) Developer has completed construction of such Facilities including final grading adjustments, roadways, sidewalks, and landscaping under which the Facilities are installed, and (c) said submittals are in accordance with the Citizens Parties' standards and said construction is in accordance with the approved plans and specifications. The Citizens Parties will not unreasonably withhold or delay Final Acceptance.

ARTICLE VI

CITIZENS PARTIES SERVICES

6.1 Potable Water Services.

Citizens will provide Potable Water Services within the Project in accordance with rates and tariffs approved by the Commission and, subject to the approved master plan, in sufficient quantities to meet the demand for Potable Water Services generated by the development of the Land in accordance with the land use entitlements approved in the Development Agreement.

6.2 Non-Potable Water Services.

Citizens will provide Non-Potable Water Services within the Project (as specified in the approved master plan) in accordance with rates and tariffs approved by the Commission and, subject to the approved master plan, in sufficient quantities to meet the demand for Non-Potable Water Services generated by the development of the Land in accordance with the land use entitlements approved in the Development Agreement. Developer and Citizens agree that the initial rate to be charged by Citizens for Non-Potable Water Services within the Project shall be \$0.62 per 1000 gallons of non-potable water.

6.3 Wastewater Services.

DistCo will provide Wastewater Services within the Project in accordance with rates and tariffs approved by the Commission and, subject to the approved master plan, in sufficient quantities to meet the demand for Wastewater Services generated by the development of the Land in accordance with the land use entitlements approved in the Development Agreement.

6.4 Approvals Required

Before the Citizens Parties are required to provide Water Services and Wastewater Services to any user, the Facilities from which the service is to be provided must have been granted Operational Acceptance by the Citizens Parties.

6.5 Residential and Commercial On-Site Development.

Before the Citizens Parties are required to provide Potable Water Services and Wastewater Services to a specific subdivision, commercial property or other user which is not directly connected to the On-Site Backbone Facilities, the Builder will be required to enter into line extension agreements with each of the Citizens Parties, in accordance with Section 7.1.

6.6 Failure to Pay

The Citizens Parties will not be obligated to provide Potable Water Services or Wastewater Services to any customer that has not paid in full the Builders' Fees attributable to the customer's property.

6.7 Construction of Future Facilities

The Citizens Parties will construct all Subsequent Off-Site Facilities required to provide Water Services and Wastewater Services to the Project. The Citizens Parties agree that the completion of their work on the Subsequent Off-Site Facilities will be timed so as to enable the Citizens Parties to provide Water Services and Wastewater Services when those services are requested by Developer.

6.8 Assured Water Supply.

As of the date of this Agreement, Citizens has not been designated as having an assured water supply pursuant to A.R.S. § 45-576(D). Until such time as Citizens has been so designated, if ever, Developer or Builder must seek and obtain Certificates of Assured Water

Supply in accordance with A.R.S. § 45-576(A) as a prerequisite for subdividing and developing the property. Citizens will take all reasonable steps to assist Developer or Builder in connection with applications by Developer or Builder for assured water supply including, but not limited to, (a) executing Notices of Intent to Serve required by the Arizona Department of Water Resources (the "ADWR") in connection with such applications, and (b) entering into such contracts and recording such declarations as may reasonably be required by the Central Arizona Groundwater Replenishment District pursuant to A.R.S. §§ 48-3774(C) and 48-3772(B)(4) which are required in order for the Project to qualify as "member land" under § 48-3774.

ARTICLE VII

BUILDER'S OBLIGATIONS

7.1 Line Extension Agreement

Before constructing within the Project any residential homes, commercial properties, schools, parks, churches or other improvements which will receive Potable Water and Wastewater Services, a Builder will be required to enter into line extension agreements with each of the Citizens Parties, in accordance with Citizens' and DistCo's then current tariffs and rules and regulations approved by the Commission, providing for (a) construction and transfer to the Citizens Parties of the phase of the On-Site Subdivision Facilities serving the specific subdivisions or commercial property and (b) providing for payment of the Builders' Fees. Notwithstanding the foregoing, a Builder constructing improvements which will receive Potable Water and Wastewater Services directly from On-Site Backbone Facilities constructed by Developer will not be required to enter into a line extension agreement, but will be required to pay the Builders' Fees. Developer will notify all Builders of this obligation prior to making land available to Builder for development.

7.2 Water Facilities Hook-Up Fee

The Citizens Parties intend to apply to the Commission for a tariff allowing the Citizens Parties to charge Builders a fee per ERU within Citizens and DistCo's respective certificates of convenience and necessity for purposes of funding the construction costs of the Subsequent Off-Site Facilities (a "Water Facilities Hook-Up Fee"). The Citizens Parties will apply to the Commission for a Water Facilities Hook-Up Fee tariff in an initial amount of \$1,500.00 per ERU for Potable Water Service and \$750.00 per ERU for Wastewater Service. Thereafter, the Citizens Parties will diligently pursue the tariff application. Approval by the

Commission of the Water Facilities Hook-Up Fee will not be a condition to the Citizens Parties obligations under this Agreement. Developer acknowledges that the tariff is subject to being changed by the Commission from time to time.

7.3 Project Facilities Fee.

During any period in which a Water Facilities Hook-Up Fee tariff approved by the Commission is not in effect, Developer will pay or cause Builders to pay to the Citizens Parties \$1,500.00 per ERU for Potable Water Services and \$750.00 per ERU for Wastewater Services (a "Project Facilities Fee"). Payments of the Project Facilities Fee will be made prior to the Citizens Parties' setting meters for Potable Water Services at a subdivision, commercial development or other user in the Project. One payment of the Project Facilities Fee will be submitted for all ERUs in a subdivision or commercial development or other user. The Citizens Parties will use the Project Facilities Fee solely to fund construction of Subsequent Off-Site Facilities. All Project Facilities Fees will be a non-refundable contribution in aid of construction. The Project Facilities Fee is not applicable during any period in which a Water Facilities Hook-Up Fee tariff approved by the Commission is in effect.

7.4 Central Arizona Project Hook-Up Fee

Citizens has applied to the Commission for a tariff allowing Citizens to charge Builders a fee within Citizens' certificate of convenience and necessity for purposes of recovering certain Central Arizona Project expenses. Approval by the Commission of the Central Arizona Project Hook-Up Fee will not be a condition of the Citizens Parties' obligations under this Agreement. Developer acknowledges that the tariff is subject to being changed by the Commission from time to time.

7.5 Developer Notification

Developer covenants and agrees that, when the Declaration of Covenants, Conditions and Restrictions pertaining to the Project is recorded in the office of the county recorder of Maricopa County, the Declaration will contain a notice that every connection to the Facilities will require payment to the Citizens Parties of both of the Builders' Fees on the earlier of (I) when a building permit is issued with respect to each improvement that is to be constructed on a lot or parcel and that is to use water, (II) when a meter is installed for that improvement, or (III) when operational acceptance is issued for the water or wastewater facilities constructed to serve said improvement.

ARTICLE VIII

CONSTRUCTION WATER

8.1 Construction Water.

a. Usage. All construction water provided by Citizens is to be metered and charged to Developer or other users. If approved by Citizens, water required for construction of Facilities may be unmetered. If the water is unmetered, Citizens will estimate the amount of unmetered water used and charge Developer or other user for the water. Water will not be withdrawn from any hydrant or other facility of Citizens without the prior consent of Citizens.

b. Payment. Developer will pay Citizens for Potable Water and Non-Potable Water used for construction purposes in accordance with rates and tariffs approved by the Commission.

8.2 Construction Meters.

For construction water purposes, on reasonable request of Developer or a Builder, temporary meters for construction uses will be at no charge to Developer other than the actual costs of installation.

ARTICLE IX
REPRESENTATIVES

9.1 Authorized Representatives.

a. Authority to Act.

Each Party will designate at least one individual officer or employee who will be its representative ("Representative"). The Representative is authorized to act on behalf of the Party in performing the provisions of this Agreement that specifically refer to that Representative. A Party may designate more than one Representative. The designation may be changed from time to time. The designation must be made in a writing.

b. No Release.

Each Party is responsible for the acts or omissions of its Representative(s). The designation of a Representative by a Party does not release the Party from responsibility for performance of its obligations under this Agreement.

ARTICLE X
DISPUTE RESOLUTION

10.1 Scope of Article.

This Article governs the resolution of all disputes that arise under this Agreement.

10.2 Good Faith Negotiations

A Party that believes a dispute exists under this Agreement will first refer the dispute to the Representatives for resolution. The Representatives of each Party will personally meet and attempt in good faith to resolve the dispute. If the Representatives cannot resolve the dispute within seven days, the matter will be referred to senior management of Developer and Citizens for resolution. If these persons are unable to resolve the dispute within seven days thereafter, a Party that still believes a dispute requires resolution may avail itself of the provisions of Section 10.3.

10.3 Mediation and Arbitration.

If a Party still believes a dispute requires resolution after following the procedures of Section 10.2, that Party will first give a detailed written notice of dispute to the other Parties setting forth the nature of the dispute. The Parties will then, before resorting to arbitration, first try in good faith to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under its Construction Industry Arbitration Rules or Commercial Arbitration Rules, as appropriate. The mediator must have substantial experience with the water utility industry and with real estate development.

Any dispute not resolved by mediation within 30 days after the initial meeting of the Representatives will, upon request of any Party, be submitted for and settled by binding arbitration administered by the AAA before a single arbitrator. If the controversy or claim relates

to construction, the arbitration will be conducted in accordance with the AAA's Construction Industry Arbitration Rules; otherwise, the AAA's Commercial Arbitration Rules will apply. In any case the arbitrator must have substantial experience with the water utility industry and with real estate development. The arbitrator has no power to amend or modify this Agreement. Judgment on the award rendered by the arbitrator may be entered in any court with jurisdiction.

10.4 Other Remedies.

The preceding paragraphs of this Article are intended to set forth the primary procedure to resolve all disputes under this Agreement. It is expected that all disputes that would traditionally be resolvable by a law court would be resolvable under this procedure. However, the Parties recognize that certain business relationships could give rise to the need for one or more of the Parties to seek equitable remedies from a court that were traditionally available from an equity court, such as emergency, provisional or summary relief, and injunctive relief. Immediately following the issuance of any such equitable relief, the Parties will stay any further judicial proceeding pending mediation or arbitration of all underlying claims between the Parties.

The Parties also recognize that the Commission has primary jurisdiction over certain issues that may arise between and among the Parties that relate to the provision of public utility service. Accordingly, this Article is not intended to prohibit any Party from bringing any such issues to the Commission for resolution or from taking any position at the Commission that would not be inconsistent with or barred by this Agreement or by collateral estoppel, res judicata or other issue or fact preclusive doctrines.

Within 30 days after the date of the arbitration award, a Party may appeal to the U.S. District Court for the District of Arizona if such court has jurisdiction, and otherwise to any

state court of record in Arizona having jurisdiction, to vacate and remand, or modify or correct the arbitration award for any of the grounds specified in the Federal Arbitration Act.

10.5 Confidentiality.

The mediation and arbitration proceedings will be conducted in secrecy. Except as otherwise agreed by the Parties in writing, (a) the fact of the pending mediation or arbitration will not be disclosed or confirmed by the Parties, the mediator or the arbitrator to any person who is not a party to, or called to testify at, the proceedings until the mediation has been terminated or the arbitration award has been made, (b) the proceedings will not be recorded or transcribed in any manner, and (c) all documents, testimony and records (other than the contract documents out of which the dispute arises) will be received, heard and maintained by the mediator and the arbitrator in secrecy, available for inspection only by the Parties, their attorneys and by experts who will agree, in advance and in writing, to receive all such information in secrecy. The secret information will not be described in any mediator communication or in the arbitration award in such manner as to be commercially useful. Notwithstanding the foregoing, (i) if Owner has executed and delivered to the Citizens Parties an unqualified undertaking to be bound by the provisions of this Section (including an undertaking that Owner will be deemed to a "Party" for purposes of this Section), Developer may make disclosures to Owner regarding the mediation and arbitration proceedings, and (ii) this Section is not intended to prohibit any Party from making disclosures regarding the mediation and arbitration proceedings to a court to the extent (and only to the extent) necessary in connection with an appeal permitted by Section 10.4, provided the Party requests the court to preserve the secrecy of the mediation and arbitration proceedings and the information pertaining thereto.

ARTICLE XI

GENERAL PROVISIONS

11.1 Subdivision Trust and Master Agreement.

a. Creation of Subdivision Trust.

i. Condition Subsequent. Notwithstanding anything to the contrary contained herein, the Parties' rights and obligations under this Agreement (including Developer's obligation to construct the Facilities and the Citizens Parties' obligation to provide Water Services and Wastewater Services under this Agreement) are conditioned upon (A) Developer and Owner establishing the Subdivision Trust and (B) the conveyance of all (but not less than all) of the Caterpillar Land to the trustee under the Subdivision Trust, except that up to 40 acres of the Caterpillar Land may be retained by Owner and not conveyed to the trustee under the Subdivision Trust if the retaining of such acreage does not (x) cause any portion of the land held by such trustee to be noncontiguous with any other portion of the land so held and (y) in any material respect adversely affect the construction, operation and maintenance of the Facilities or the On-Site Subdivision Facilities or impair the ability of the Parties to perform their respective obligations under this Agreement. Developer will notify the Citizens Parties immediately upon the establishment of the Subdivision Trust and the conveyance of the Caterpillar Land to the trustee under the Subdivision Trust. Upon that notification, the Parties' rights and obligations under this Agreement will become immediately and automatically effective.

ii. Failure of Condition. If the conveyance of the Caterpillar Land to the trustee under the Subdivision Trust does not occur on or before September 30, 2003 (or such later date as Developer and the Citizens Parties may mutually agree in writing), then this Agreement will be deemed automatically to have been terminated (and to be of no further force

or effect) as of that date. Thereafter, if Owner or Developer has reimbursed the Citizens Parties for all costs paid or incurred by the Citizens Parties in connection with this Agreement (including the costs of obtaining the Authorizations), Owner may request the withdrawal of the Caterpillar Land from the certificates of convenience and necessity of the Citizens Parties, and the Citizens Parties will not object to such request.

b. Termination of Developer's Interest.

i. Termination of Master Agreement or Forfeiture under Subdivision Trust. Developer represents and warrants that the Master Agreement (i) permits either Owner or Developer to terminate the Master Agreement under certain circumstances, and (ii) requires Developer, if so requested by Owner in connection with such a termination, to assign its rights and delegate its obligations under this Agreement to Owner. In addition, Developer represents, warrants and covenants that the trust agreement establishing the Subdivision Trust will provide that Developer's interest in the Subdivision Trust is subject to forfeiture and that Owner may secure Developer's obligations under the Subdivision Trust by means of a collateral assignment or other encumbrance of Developer's interest in this Agreement. Developer will (or will cause Owner to) notify the Citizens Parties within five days after the effective date of (A) the termination of the Master Agreement or (B) the forfeiture of Developer's interest in the Subdivision Trust (a "Termination Notice").

ii. Assignment to Owner. If this Agreement has not been previously terminated pursuant to Section 11.1(a)(ii), the rights and obligations of Developer under this Agreement may be delegated and assigned to Owner in connection with any such termination or forfeiture if and only if both:

A. The Termination Notice also contains a request by Owner that such rights and obligations be so delegated and assigned (or, if the Termination Notice was given by Developer, Owner notifies the Citizens Parties within 60 days after the Termination Notice that Owner so requests such delegation and assignment) (such request in either form being a "Request for Assignment").

B. The Request for Assignment is accompanied by an original counterpart of a written assignment and assumption agreement in the form attached as Exhibit H executed (in the case of termination of the Master Agreement) by both Developer and Owner or (in the case of forfeiture of Developer's interest in the Subdivision Trust) by Owner (the "Assignment and Assumption Agreement").

In such event, (I) the Citizens Parties will be deemed to have consented to the delegation and assignment by Developer to Owner of the rights and obligations of Developer under this Agreement and the assumption thereof by Owner, (II) Owner will be deemed a Party to this Agreement and obligated to perform all of the remaining obligations of Developer under this Agreement, provided, however, that Developer will not be released from those obligations, (III) if the condition stated in Section 11.1(a)(i) has not yet been satisfied, such condition will be deemed satisfied, and (IV) this Agreement will not be assignable by Owner without the advance consent of the Citizens Parties in accordance with Section 11.4. If a Termination Notice is given and the conditions set forth in clauses (i) and (ii) above are not timely satisfied, (x) Owner will have no obligations whatsoever under this Agreement, and (y) this Agreement will be deemed automatically to have been terminated (and to be of no further force or effect) as of that date.

c. Limitations on Responsibilities of the Citizens Parties. With respect to this Section:

i. The Citizens Parties have no responsibility as to the validity of the Master Agreement, the trust agreement establishing the Subdivision Trust or of any security agreement or other encumbrance entered into in connection with either of the foregoing (collectively, the "Caterpillar/DMB Documents") or of the Assignment and Assumption Agreement, or as to the correctness of any statement contained in any of the foregoing, and the Citizens Parties will not be required to inquire as to the correctness of such statement or as to the performance of any obligation under the Caterpillar/DMB Documents.

ii. The Citizens Parties will be protected in acting on the Termination Notice, the Request for Assignment, the Assignment and Assumption Agreement and any other written notice, request, waiver, consent, receipt, resolution, order, certificate, report, opinion or other paper or electronic document submitted to either of them in connection with this Section, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth of any information therein contained. Whenever the Citizens Parties deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action pursuant to this Section, the matter may be deemed conclusively proved and established by a certificate signed by both Developer and Owner (or, in the case of forfeiture of Developer's interest in the Subdivision Trust, by Owner), and that certificate will be full warranty for any action taken or suffered by the Citizens Parties pursuant to this Section.

iii. Developer will (and, if the Assignment and Assumption Agreement executed by Owner is delivered to the Citizens Parties, Developer and Owner jointly and severally will) indemnify and hold the Citizens Parties and their respective directors,

employees, officers, agents, successors and assigns harmless from and against any and all losses, claims, damages, liabilities and expenses, including reasonable costs of investigation and counsel fees and expenses, that may be imposed on or incurred by any of them in connection with the Caterpillar/DMB Documents or the acceptance of the Assignment and Assumption Agreement. The foregoing indemnity includes losses, claims, damages, liabilities and expenses incurred in connection with any mediation, arbitration, litigation or other proceeding arising from the Caterpillar/DMB Documents, the Assignment and Assumption Agreement or involving the subject matter of this Section. The indemnification provisions contained in this paragraph are in addition to any other rights any of the foregoing persons may have at law or otherwise and will survive the termination of this Agreement.

11.2 Phased Development.

Development in the Project is intended to be performed in mutually agreeable phases as set forth in the master plan described in Article III. Developer and the Citizens Parties will schedule engineering and construction of Facilities to coincide with those phases. This Agreement applies to each phase.

11.3 Force Majeure.

No Party will be liable to another Party for failure, default or delay in performing any of its obligations under this Agreement, other than for the payment of money obligations specified in this Agreement, if such failure, default or delay is the result of any cause or event not within the control of the Party affected and which, by the exercise or reasonable diligence, such Party is unable to prevent or mitigate (such a cause or event being "Force Majeure"). Force Majeure does not include changes in local, state, national or international general economic conditions. The Party's failure, default or delay in performance will be excused only for as long

as such cause or event is present. If any of the foregoing occur, the Parties will proceed with diligence to do what is reasonable and necessary so that each Party may perform its obligations under this Agreement. The Citizens Parties and Developer will not in any event incur any liability to one another or to any other Party for consequential or any other damages which may result from delays in initiating service, or from interruptions in or other malfunctions of service, based upon the foregoing circumstances.

11.4 Assignment.

This Agreement may be assigned by a Party to a parent corporation of which it is a wholly-owned subsidiary, or to a wholly-owned subsidiary of the parent, or to a wholly-owned subsidiary of a wholly-owned subsidiary of the parent or another entity wherein Developer or Citizens has a controlling interest, provided that the Party making such assignment will be a guarantor of the full and faithful performance of this Agreement by the assignee and executes documents to that effect as may reasonably be required by counsel for the other Parties. Additionally, the Citizens Parties may assign this Agreement to American Water Works Company, Inc., Arizona-American Water Company or any subsidiary thereof, and Developer may assign this Agreement to Owner pursuant to Section 11.1. This Agreement will not be otherwise assignable by a Party without the consent in advance of the other Parties to this Agreement, which consent will not be unreasonably withheld or delayed. If (after this Agreement has been assigned to Owner pursuant to Section 11.1) the assignment is made by Owner to a third party for development of the Project and otherwise complies with this Section, then Owner will have no responsibility for construction of Facilities that have not been constructed as of the date of the assignment or for any other obligation or liability of Developer arising under this Agreement after such assignment (but any indemnification obligations of

Owner will continue with respect to events or circumstances occurring or arising while Owner was a Party). For purposes of this Section, "assignment" includes (a) any transfer or delegation by a Party of any right or obligation of such Party arising under this Agreement, including any collateral assignment or other encumbrance of an interest in this Agreement, (b) any sale of substantially all of the assets of a Party, (c) any merger of a Party with another person, and (d) any change in control of a Party. For purposes of this Section, "change in control" means a transaction or series of transactions, such that any person (as that term is used in Sections 13 and 14(d)(2) of the Securities Exchange Act of 1934), excluding Affiliates of the Party as of the date of this Agreement, is or becomes the beneficial owner (as that term is used in Section 13(d) of such Act) directly or indirectly, of securities of the Party representing 50% or more of the combined voting power of the Party's then outstanding securities.

11.5 Notices.

Except as otherwise specified in this Agreement, any notice, demand, request or other communication required or authorized by this Agreement to be given in writing to a Party must be either (a) personally delivered, (b) mailed by registered or certified mail (return receipt requested), postage prepaid, (c) sent by overnight express carrier, or (d) sent by telecopy or electronic mail, in each case at the following address:

To the Developer addressed as follows:

DMB White Tank, L.L.C.
c/o DMB Associates, Inc.
Attn: General Manager – WhiteStone Project
7600 East Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258-2137

with a copy to:

Margaret R. Gallogly
Fennemore Craig, P.C.
3003 North Central, Suite 2600
Phoenix, Arizona 85012-2913

or to such other address as Developer may advise the Citizens Parties in writing, and to the Citizens

Parties at:

Citizens Water Resources
Attn: General Manger
15626 N. Del Webb Boulevard
P.O. Box 1687
Sun City, Arizona 85372

or to such other address as Citizens or DistCo may advise Developer in writing. The designation of such person and/or address may be changed at any time by either Party upon written notice given under this Section. All notices, demands, requests or other communications sent pursuant to this Section will be deemed received (i) if personally delivered, on the business day of delivery, (ii) if sent by telecopy or electronic mail before noon (12:00 p.m.) Phoenix time, on the day sent if a business day or, if such day is not a business day or if sent after noon (12:00 p.m.) Phoenix time, on the next business day, (iii) if sent by overnight express carrier, on the next business day immediately following the day sent, or (iv) if sent by registered or certified mail, on the earlier of the third business day after the day sent or when actually received. Any notice by telecopy or electronic mail will be followed by delivery on the next business day by overnight express carrier or by hand.

11.6 Entire Agreement; Attachments.

a. Entire Agreement.

This Agreement (including all exhibits and any other attachments) constitutes the entire understanding between the Parties regarding the subject matter of this Agreement, supersedes any and all previous understandings between the Parties (including any letter of intent) regarding the subject matter of this Agreement, and binds and inures to the benefit of the Parties, their successors and assigns. None of the Parties has entered into this Agreement in reliance upon any oral or written representation or information provided by any other Party.

b. Attachments.

Attachments not complete at the effective date of this Agreement will be added as they are completed by written amendment, signed by each Party. Each attachment that is completed or modified by a subsequent amendment will note on its face the date and number of that amendment.

11.7 Further Assurances.

If a Party determines in its reasonable discretion that any further instruments, assurances or other things are necessary or desirable to carry out the terms of this Agreement, the other Parties will execute and deliver all instruments and assurances and do all things reasonably necessary or desirable to carry out the terms of this Agreement, including using their best efforts to negotiate and enter into any agreements that may become necessary and appropriate.

11.8 No Waiver.

The failure of a Party to enforce at any time any of the provisions of this Agreement (or to require at any time performance by the other Party of any of its provisions) is

not to be construed as a waiver of such provisions and does not in any way affect the validity of this Agreement or the right of such Party to enforce any provision.

11.9 Modification or Waiver.

A modification or waiver of all or any part of this Agreement is not valid unless it is reduced to a written agreement.

11.10 Governing Law and Interpretation.

The laws of the State of Arizona govern the interpretation and performance of this Agreement.

11.11 Counterparts.

This Agreement may be executed in several counterparts.

11.12 No Third Party Beneficiaries.

Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Parties. Notwithstanding the foregoing, Owner will be entitled to enforce compliance by the Citizens Parties with the provisions of Section 11.1(c) (regarding assignment to Owner) and the last sentence of Section 11.1(d) (regarding withdrawal of the Project from the certificates of convenience and necessity of the Citizens Parties), if and to the extent such provisions become applicable. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third person to any Party. This Agreement does not create any duty, liability or standard of care to any person not a Party.

11.13 Confidential and Proprietary Information.

Any information provided by one Party to another Party that is conspicuously labeled "CONFIDENTIAL AND PROPRIETARY," or any matter derived from such

information, may not be disclosed by the receiving Party to any third party, except: (i) with the providing Party's consent, not to be unreasonably withheld, (ii) pursuant to a subpoena or other legal process or pursuant to a court order or a regulatory authority order obtained after the receiving Party has used reasonable efforts to obtain an order of the court protecting the confidentiality of the information and/or restricting its dissemination, (iii) if such dissemination is necessary after the occurrence of a default under this Agreement by the Party supplying such information in connection with the enforcement of the rights of the non-defaulting Party, (iv) if the information provided by one Party to another Party is otherwise publicly available, or (v) the disclosure is made only to a person which has become an assignee of a Party in accordance with Section 11.1(c) or 11.4. If a Party that receives confidential information becomes aware of any attempt by any third party or court to obtain any confidential information, the Party will, as soon as practicable thereafter, notify the Party that labeled the information as confidential of the attempt to obtain the information. Upon request of the providing Party, the information must be promptly returned.

11.14 Review of Facilities.

Review, audit or inspection by the Citizens Parties of a Facility constructed by Developer or of a document drafted by Developer does not constitute an endorsement or warranty of any of them, or a waiver of any right under this Agreement.

11.15 Regulatory Approvals.

This Agreement is subject to approval by the Commission.

11.16 Computation of Time.

In computing any period of time prescribed or allowed under this Agreement, the day of the act, event or default from which the designated period of time begins to run is included. Weekend and holidays are also included.

11.17 No Party the Drafter.

This Agreement is the product of negotiation between the Developer and the Citizens Parties. No Party is deemed the drafter of this Agreement.

11.18 Interest on Late Payments.

Except as otherwise provided herein, all payments under this Agreement that are not paid within 30 days of the due date of the payment will accrue interest thereon at the Prime Rate plus two percent (2%) per annum, compounded monthly from the due date of the payment until the amount is paid.

11.19 Audit Rights.

Developer and the Citizens Parties may, from time to time at the cost of the auditing party and upon reasonable advance notice, audit the books and records of the other Party and its Affiliates with respect to information arising out of this Agreement.

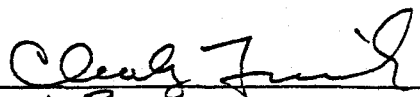
[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be entered into on the day and year first above written.

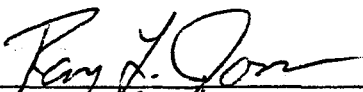
DMB WHITE TANK, L.L.C., an Arizona limited liability company

By: DMB REALCO LLC, an Arizona limited liability company, Manager

By: DMB Associates, Inc., an Arizona corporation, Manager

By: 
Its: V.P.

CITIZENS COMMUNICATIONS COMPANY

By: 
Its: Vice President & General Manager

CITIZENS WATER SERVICES COMPANY OF ARIZONA


By: 
Its: Vice President & General Manager

EXHIBIT A
DEFINITIONS

“AAA” means the American Arbitration Association.

“ADWR” means the Arizona Department of Water Resources.

“Affiliate” means any person (other than an individual) which directly or indirectly controls, is controlled by, or is under common control with, another person. For purposes of this definition, “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether by contract or otherwise.

“Agreement” means this Agreement dated as of November 1, 2000, among Developer, Citizens and DistCo, including all exhibits and any other attachments, as amended from time to time.

“Asserted Liability” has the meaning set forth in Section 5.8(c)(i).

“assignment” has the meaning set forth in Section 11.4.

“Assignment and Assumption Agreement” has the meaning set forth in Section 11.1(c)(ii).

“Authorizations” means certificates of convenience and necessity, permits, licenses, operating agreements, franchises, and similar authorizations obtained from regulatory agencies and other governmental entities and required by law to provide Wastewater Services and Water Services and to operate the Facilities as contemplated in this Agreement.

“Buckeye” means the Town of Buckeye, Arizona.

“Builder” means any person or entity (including Developer or an Affiliate of Developer) that constructs residential homes, commercial properties, schools, parks, churches, landscaping or other improvements within the Project that are connected directly or indirectly to any of the Facilities.

“Builders’ Fees” means (a) the Water Facilities Hook-Up Fee or Project Facilities Fee, as applicable, and (b) the Central Arizona Project Hook-Up Fee.

other improvements within the Project that are connected directly or indirectly to any of the Facilities.

"Builders' Fees" means (a) the Water Facilities Hook-Up Fee or Project Facilities Fee, as applicable, and (b) the Central Arizona Project Hook-Up Fee.

"Caterpillar/DMB Documents" has the meaning set forth in Section 11.1(e)(i).

"Caterpillar Land" has the meaning set forth in Recital A.

"Central Arizona Project Hook-Up Fee" has the meaning set forth in Section 7.4.

"change in control" has the meaning set forth in Section 11.4.

"Citizens" means Citizens Communications Company, a Delaware corporation.

"Citizens Parties" means Citizens and DistCo.

"claims" has the meaning set forth in Section 5.8(a).

"Commission" means the Arizona Corporation Commission.

"DMB Land" has the meaning set forth in Recital C.

"Defense Costs" has the meaning set forth in Section 5.8(c)(ii).

"Developer" means DMB White Tank, L.L.C., an Arizona limited liability company.

"Developer's Advances" has the meaning set forth in Section 4.5.

"Developer Warranty Period" has the meaning set forth in Section 5.6.

"Development Agreement" has the meaning set forth in Recital E.

"DistCo" means Citizens Water Services Company of Arizona, an Arizona corporation.

"ERU" means an Equivalent Residential Unit, which is that portion of a residential or commercial unit receiving Potable Water Services or Wastewater Services from the Citizens Parties. An ERU will be counted at the time of first receipt of such service, notwithstanding any

subsequent cessation and resumption of such service. ERUs for various facilities are determined under the following schedule:

<u>Type of Improvement</u>	<u>Associated ERU</u>
Single Family Homes	1.00
Multifamily Units	0.50
Commercial Units (per acre)	4.00
Resorts (per room)	0.50
Parks acreage, Golf Courses acreage, and Right-of-way Landscaping acreage	0.00

For purposes of this definition, "single family home" means a detached residential house or dwelling to be resided in by a single family and used solely for residential purposes and not for commercial, nonprofit or other purposes (and expressly excludes duplexes or other structures having one or more common walls). For purposes of this definition, "multifamily unit" means an apartment, condominium, townhouse or other unit within a residential dwelling (other than a single family home) to be resided in by a single family and used solely for residential purposes and not for commercial, nonprofit or other purposes. For purposes of this definition, "commercial units" includes general commercial facilities, schools, and community facilities (including recreation centers, clubhouses and similar structures, but excluding parks acreage, golf courses acreage and right-of-way landscaping acreage).

"Facility" or "Facilities" means the Off-Site Facilities and the On-Site Backbone Facilities.

"Final Acceptance" has the meaning set forth in Section 5.14.

"Force Majeure" has the meaning set forth in Section 11.3.

"Indemnatee" has the meaning set forth in Section 5.8(c)(i).

"Indemnitor" has the meaning set forth in Section 5.8(c)(i).

"Land" has the meaning set forth in Recital C.

"Master Agreement" has the meaning set forth in Recital A.

"Non-Potable Water Services" means storage and distribution of surface water, effluent, recovered effluent, recovered surface water, groundwater and water from any other source (including CAP water) which is not suitable for human consumption for construction, golf courses, golf practice facilities, golf storage lakes, schools, parks, common areas, lake fill, landscape irrigation or other like purposes.

"Off-Site Facilities" means the facilities (whether or not located within the Project) required for (a) production, treatment, transmission, and storage of potable water and non-potable water, including (i) the facilities required to deliver water to the Project from either the existing Citizens system or wells to be drilled or acquired after the date of this Agreement, (ii) any storage facilities for potable water and non-potable water located within the Project, and (iii) distribution pumping equipment located at a treatment or storage site, and (b) the wastewater treatment plant, recovery and recharge facilities and associated facilities.

"On-Site Backbone Facilities" means (a) all facilities (other than Off-Site Facilities) located within the Project boundaries constructed by Developer and required for Citizens and DistCo to transport potable water or untreated wastewater between the On-Site Subdivision Facilities and the Off-Site Facilities, and (b) the non-potable water distribution system.

"On-Site Subdivision Facilities" means all facilities located within the Project boundaries, excepting Off-Site Facilities and On-Site Backbone Facilities, constructed by Builders and required for Citizens and DistCo to provide Water Service or Wastewater Service to individual residential

homes, commercial properties, schools, parks, churches or other improvements within the Project, including the potable water distribution system and the wastewater collection system.

"Operational Acceptance" has the meaning set forth in Section 5.3.

"Owner" means Caterpillar Foundation, an Illinois not-for-profit corporation.

"Party" and "Parties" means Developer and the Citizens Parties.

"Phase I Off-Site Facilities" means the portion of the Off-Site Facilities to be constructed by Developer and required for Citizens and DistCo to provide initial Water Services and Wastewater Services to the Project, including sizing of the foregoing to accommodate future Water Services and Wastewater Services to the Project. The Parties contemplate that the Phase I Off-Site Facilities will be of the nature described in Exhibit G. (Exhibit G is intended only to be illustrative and is not intended to be a definitive delineation or specification of the actual Phase I Off-Site Facilities; it is contemplated that such actual Facilities may omit, vary or add to the items set forth on that Exhibit.)

"Potable Water Services" means production, storage, treatment and distribution of water which is fit for human consumption to individual residential homes, commercial properties, resorts, schools, parks, churches or other improvements.

"Project" has the meaning set forth in Recital D.

"Project Facilities Fee" has the meaning set forth in Section 7.3.

"Refunds" has the meaning set forth in Exhibit E.

"Representative" has the meaning set forth in Section 9.1.

"Request for Assignment" has the meaning set forth in Section 11.1(c)(i).

"Subdivision Trust" has the meaning set forth in Recital B.

"Subsequent Off-Site Facilities" means the portion of the Off-Site Facilities to be constructed by the Citizens Parties after completion of the Phase I Off-Site Facilities by Developer.

"Termination Notice" has the meaning set forth in Section 11.1(b).

"Water Facilities Hook-Up Fee" has the meaning set forth in Section 7.2.

"Water Services" means Potable Water Services and Non-Potable Water Services.

"Wastewater Services" means collection, treatment and disposal of wastewater from individual residential homes, commercial properties, schools, parks, churches or other improvements.

EXHIBIT B

LEGAL DESCRIPTION OF LAND

Exhibit "B"
PARCEL DESCRIPTION
Caterpillar Foundation
&
DMB White Tank LLC
The Caterpillar Property
Water/Wastewater Agreement

PARCEL "A"

PARCEL NO. 1:

The South half of Section 20, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 3:

Lots 1, 2, 3 and 4, the East half of the West half, and the East half of Section 7, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 4:

That portion of Section 19, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner of said Section 19, said point being a G.L.O. brass cap which bears South 01 degrees 16 minutes 12 seconds East along the West line of said Section 19, a distance of 12.38 feet from the Southeast corner of Section 24, Township 2 North, Range 3 West;

THENCE North 00 degrees 05 minutes 12 seconds West, continuing along said West line, a distance of 1662.38 feet;

THENCE North 89 degrees 34 minutes 51 seconds East, a distance of 1787.58 feet;

THENCE North 49 degrees 16 minutes 47 seconds East, a distance of 1245.15 feet;

Exhibit "B"

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THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 2304.31 feet to a point of curvature of a tangent curve concave to the West;

THENCE Southerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 40 degrees 17 minutes 40 seconds, and an arc length of 703.27 feet to a point of tangency;

THENCE South 00 degrees 25 minutes 33 seconds East, a distance of 63.42 feet to a point on the South line of the Southeast quarter of said Section 19;

THENCE South 89 degrees 34 minutes 27 seconds West along said South line, a distance of 1832.76 feet to the South quarter corner of said Section 19;

THENCE South 89 degrees 34 minutes 51 seconds West along the South line of the Southwest quarter of said Section 19, a distance of 2641.88 feet to the **TRUE POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 5:

That portion of Section 19, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

COMMENCING at the Northwest corner of said Section 19, said point being a 1/2 inch ACP stamped LS 19324;

THENCE South 00 degrees 08 minutes 44 seconds East along the East line of Section 24, Township 2 North, Range 3 West, a distance of 856.96 feet to the **TRUE POINT OF BEGINNING**, said point being on the arc of a non-tangent curve concave to the Northwest, a radial line of said curve through said point having a bearing of South 22 degrees 42 minutes 19 seconds East;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 03 degrees 02 minutes 28 seconds, and an arc length of 79.62 feet to a point of tangency;

THENCE North 64 degrees 15 minutes 13 seconds East, a distance of 1571.18 feet to a point of curvature of a tangent curve concave to the South;

THENCE Easterly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 25 degrees 33 minutes 20 seconds, and an arc length of 669.05 feet to a point on the North line of said Section 19;

THENCE North 89 degrees 48 minutes 33 seconds East along said North line, a distance of 150.00 feet;

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THENCE South 04 degrees 07 minutes 50 seconds West, a distance of 1265.21 feet to a point of curvature of a tangent curve concave to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 2000.00 feet, a central angle of 44 degrees 51 minutes 03 seconds, and an arc length of 1565.59 feet to a point of tangency;
THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 100.00 feet;
THENCE South 49 degrees 16 minutes 47 seconds West, a distance of 1245.15 feet;
THENCE South 89 degrees 34 minutes 51 seconds West, a distance of 1787.47 feet to a point on the West line of the Southwest quarter of said Section 19;
THENCE North 00 degrees 05 minutes 12 seconds West along said West line, a distance of 969.93 feet to the West quarter corner of said Section 19;
THENCE North 00 degrees 56 minutes 58 seconds West along said West line, a distance of 19.93 feet to the East quarter corner of Section 24, Township 2 North, Range 2 West;
THENCE North 00 degrees 08 minutes 44 seconds West along the East line of said Section 24, a distance of 1757.45 feet to the **TRUE POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 6:

Sections 18 and 19, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT that portion of said Section 19 described as follows:

BEGINNING at the Southwest corner of said Section 19, said point being a G.L.O. brass cap which bears South 01 degrees 16 minutes 12 seconds East along the West line of said Section 19, a distance of 12.38 feet from the Southeast corner of Section 24, Township 2 North, Range 3 West;
THENCE North 00 degrees 05 minutes 12 seconds West, continuing along said West line, a distance of 1662.38 feet;
THENCE North 89 degrees 34 minutes 51 seconds East, a distance of 1787.58 feet;
THENCE North 49 degrees 16 minutes 47 seconds East, a distance of 1245.15 feet;
THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 2304.31 feet to a point of curvature of a tangent curve concave to the West;

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THENCE Southerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 40 degrees 17 minutes 40 seconds, and an arc length of 703.27 feet to a point of tangency;

THENCE South 00 degrees 25 minutes 33 seconds East, a distance of 63.42 feet to a point on the South line of the Southeast quarter of said Section 19;

THENCE South 89 degrees 34 minutes 27 seconds West along said South line, a distance of 1832.76 feet to the South quarter corner of said Section 19;

THENCE South 89 degrees 34 minutes 51 seconds West along the South line of the Southwest quarter of said Section 19, a distance of 2641.86 feet to the **TRUE POINT OF BEGINNING**;

EXCEPT that portion of said Section 19 described as follows:

COMMENCING at the Northwest corner of said Section 19, said point being a 1/2 inch ACP stamped LS 19324;

THENCE South 00 degrees 08 minutes 44 seconds East along the East line of Section 24, Township 2 North, Range 3 West, a distance of 856.96 feet to the **TRUE POINT OF BEGINNING**, said point being on the arc of a non-tangent curve concave to the Northwest, a radial line of said curve through said point having a bearing of South 22 degrees 42 minutes 19 seconds East;

THENCE Northeasterly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 03 degrees 02 minutes 28 seconds, and an arc length of 79.62 feet to a point of tangency;

THENCE North 64 degrees 15 minutes 13 seconds East, a distance of 1571.18 feet to a point of curvature of a tangent curve concave to the South;

THENCE Easterly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 25 degrees 33 minutes 20 seconds, and an arc length of 669.05 feet to a point on the North line of said Section 19;

THENCE North 89 degrees 48 minutes 33 seconds East along said North line, a distance of 150.00 feet;

THENCE South 04 degrees 07 minutes 50 seconds West, a distance of 1265.21 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a radius of 2000.00 feet, a central angle of 44 degrees 51 minutes 03 seconds, and an arc length of 1565.59 feet to a point of tangency;

THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 100.00 feet;

THENCE South 49 degrees 16 minutes 47 seconds West, a distance of 1245.15 feet;

THENCE South 89 degrees 34 minutes 51 seconds West, a distance of 1787.47 feet to a point on the West line of the Southwest quarter of said Section 19;

THENCE North 00 degrees 05 minutes 12 seconds West along said West line, a distance of 969.93 feet to the West quarter corner of said Section 19;

Exhibit "B"

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THENCE North 00 degrees 56 minutes 58 seconds West along said West line, a distance of 19.93 feet to the East quarter corner of Section 24, Township 2 North, Range 2 West;
THENCE North 00 degrees 08 minutes 44 seconds West along the East line of said Section 24, a distance of 1757.45 feet to the **TRUE POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 7:

That portion of Sections 30 and 31, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner of said Section 30, said point being a G.L.O. brass cap;
THENCE North 03 degrees 46 minutes 34 seconds East, a distance of 1315.07 feet;
THENCE South 86 degrees 13 minutes 26 seconds East, a distance of 334.04 feet to a point of curvature of a tangent curve concave to the North;
THENCE Easterly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 23 degrees 46 minutes 34 seconds, and an arc length of 622.46 feet to a point of tangency;
THENCE North 70 degrees 00 minutes 00 seconds East, a distance of 1795.40 feet;
THENCE South 20 degrees 00 minutes 00 seconds East, a distance of 42.78 feet to a point of curvature of a tangent curve concave to the West;
THENCE Southerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 19 degrees 47 minutes 00 seconds, and an arc length of 345.28 feet to a point of tangency;
THENCE South 00 degrees 13 minutes 00 seconds East, a distance of 1584.28 feet to a point on the South line of said Section 30;
THENCE continuing South 00 degrees 13 minutes 00 seconds East, a distance of 776.75 feet;
THENCE South 78 degrees 35 minutes 03 seconds West, a distance of 2856.28 feet to a point on the West line of the Northwest quarter corner of said Section 31;
THENCE North 00 degrees 07 minutes 44 seconds West along said West line, a distance of 1313.31 feet to the Northwest corner of said Section 31, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials,

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whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 05.

PARCEL NO. 8:

That portion of Sections 30 and 31, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southeast corner of said Section 30, said point being a 3-1/2 inch aluminum cap;

THENCE South 00 degrees 13 minutes 21 seconds East along the East line of said Section 31, a distance of 300.00 feet;

THENCE South 78 degrees 35 minutes 03 seconds West, a distance of 2537.96 feet;

THENCE North 00 degrees 13 minutes 00 seconds West, a distance of 776.75 feet to a point on the North line of said Section 31;

THENCE continuing North 00 degrees 13 minutes 00 seconds West, a distance of 1584.28 feet to a point of curvature of a tangent curve concave to the West;

THENCE Northerly along the arc of said curve to the left, having a radius of 1000.00 feet, a central angle of 19 degrees 47 minutes 00 seconds, and an arc length of 345.28 feet to a point of tangency;

THENCE North 20 degrees 00 minutes 00 seconds West, a distance of 42.78 feet;

THENCE North 70 degrees 00 minutes 00 seconds East, a distance of 1728.96 feet to a point of curvature of a tangent curve concave to the South;

THENCE Easterly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 19 degrees 28 minutes 58 seconds, and an arc length of 510.06 feet to a point of tangency;

THENCE North 89 degrees 28 minutes 58 seconds East, a distance of 441.06 feet to the East quarter corner of said Section 30;

THENCE South 00 degrees 96 minutes 50 seconds East along the East line of said Section 30, a distance of 2622.84 feet to the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 9:

A parcel of land lying within Section 31, Township 2 North, Range 2 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

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COMMENCING at the southeast corner of said Section 31, said point being the **POINT OF BEGINNING** of the herein described parcel;

THENCE along the south line of said Section 31, South $89^{\circ}57'41''$ West, a distance of 2487.65 feet, to the northwest corner of Section 6, Township 1 North, Range 2 West, said point also being the northeast corner of Section 1, Township 1 North, Range 3 West;

THENCE leaving said south line, North $00^{\circ}14'20''$ West, a distance of 4485.83 feet;

THENCE North $78^{\circ}35'03''$ East, a distance of 2537.96 feet, to a point on the east line of said Section 31;

THENCE along said east line, South $00^{\circ}13'21''$ East, a distance of 2345.41 feet, to the east quarter corner of said Section 31;

THENCE continuing along said east line, South $00^{\circ}12'22''$ East, a distance of 2641.08 feet, to the **POINT OF BEGINNING**.

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 10:

A parcel of land lying within Section 31, Township 2 North, Range 2 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the northwest corner of said Section 31;

THENCE along the west line of said Section 31, South $00^{\circ}07'44''$ East, a distance of 1313.31 feet, to the **POINT OF BEGINNING**;

THENCE leaving said west line, North $78^{\circ}35'03''$ East, a distance of 2856.28 feet;

THENCE South $00^{\circ}14'20''$ East, a distance of 4485.83 feet, to a point on the south line of said Section 31, said point also being the northeast corner of Section 1, Township 1 North, Range 3 West, and the northwest corner of Section 6, Township 1 North, Range 2 West;

THENCE along the south line of said Section 31, South $89^{\circ}16'01''$ West, a distance of 2634.48 feet, to the north quarter of said Section 1;

THENCE continuing along said south line, South $89^{\circ}35'34''$ West, a distance of 174.95 feet, to the southwest corner of said Section 31;

THENCE along the west line of said Section 31, North $00^{\circ}08'13''$ West, a distance of 2642.08 feet, to the west quarter corner of said Section 31;

THENCE continuing along said west line, North $00^{\circ}07'44''$ West, a distance of 1313.32 feet, to the **POINT OF BEGINNING**.

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EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 11:

That portion of Section 30, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northeast corner of said Section 30, said point being a 3-1/4 inch aluminum cap;

THENCE South 00 degrees 06 minutes 35 seconds East along said East line of said Section 30, a distance of 2622.91 feet to the East quarter corner of said Section 30;

THENCE South 89 degrees 25 minutes 58 seconds West, a distance of 441.06 feet to a point of curvature of a tangent curve concave to the South;

THENCE Westerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 19 degrees 28 minutes 58 seconds, and an arc length of 510.06 feet to a point of tangency;

THENCE South 70 degrees 00 minutes 00 seconds West, a distance of 1728.96 feet;

THENCE North 20 degrees 00 minutes 00 seconds West, a distance of 50.00 feet to a point of curvature of a tangent curve concave to the East;

THENCE Northerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 19 degrees 54 minutes 00 seconds, and an arc length of 347.32 feet to a point of tangency;

THENCE North 00 degrees 06 minutes 00 seconds West, a distance of 2901.73 feet to the North line of said Section 30;

THENCE North 89 degrees 34 minutes 27 seconds East along said North line of said Section 30, a distance of 2642.76 feet to the Northeast corner of said Section 30, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

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PARCEL NO. 12:

That portion of Section 30, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 30, said point being a G.L.O. brass cap;

THENCE North 89 degrees 34 minutes 51 seconds East, a distance of 2641.88 feet along the North line of said Section 30;

THENCE South 00 degrees 06 minutes 00 seconds East, a distance of 2901.73 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a radius of 1000.00 feet, a central angle of 19 degrees 54 minutes 00 seconds, and an arc length of 347.32 feet to a point of tangency;

THENCE South 20 degrees 00 minutes 00 seconds East, a distance of 50.00 feet;

THENCE South 70 degrees 00 minutes 00 seconds West, a distance of 1795.40 feet to a point of curvature of a tangent curve concave to the North;

THENCE Westerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 23 degrees 46 minutes 34 seconds, and an arc length of 622.46 feet to a point of tangency;

THENCE North 86 degrees 13 minutes 26 seconds West, a distance of 334.04 feet to a point on the arc of a non-tangent curve concave to the East, a radial line of said curve through said point having a bearing of North 86 degrees 13 minutes 26 seconds West;

THENCE Northerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 14 degrees 13 minutes 14 seconds, and an arc length of 372.29 feet to a point of tangency;

THENCE North 17 degrees 59 minutes 46 seconds East, a distance of 835.53 feet to a point of curvature of a tangent curve concave to the West;

THENCE Northerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 37 degrees 50 minutes 47 seconds, and an arc length of 990.81 feet to a point of tangency;

THENCE North 19 degrees 50 minutes 56 seconds West, a distance of 794.67 feet to a point of curvature of a tangent curve concave to the East;

THENCE Northerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 15 degrees 36 minutes 40 seconds, and an arc length of 408.70 feet to a point of tangency;

THENCE North 04 degrees 14 minutes 18 seconds West, a distance of 672.77 feet to the **POINT OF BEGINNING:**

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EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 13:

That portion of Section 25, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at the Southeast corner of said Section 25, said point being a G.L.O. brass cap;
THENCE North 89 degrees 52 minutes 15 seconds West along the South line of said Section 25, a distance of 2635.19 feet to the South quarter corner of said Section 25;
THENCE North 89 degrees 41 minutes 17 seconds West along said South line, a distance of 2641.10 feet to the Southwest corner of said Section 30;
THENCE North 00 degrees 04 minutes 18 seconds West along the West line of said Section 25, a distance of 1000.00 feet;
THENCE North 75 degrees 41 minutes 52 seconds East, a distance of 5874.45 feet;
THENCE South 17 degrees 59 minutes 48 seconds West, a distance of 835.53 feet to a point of curvature of a tangent curve concave to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 14 degrees 13 minutes 14 seconds, and an arc length of 372.29 feet to a point of tangency;
THENCE South 03 degrees 46 minutes 34 seconds West, a distance of 1315.07 feet to the Southeast corner of Section 25, said point also being the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 14:

That portion of Sections 23 and 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

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BEGINNING at the Southwest corner of said Section 23, said point being a G.L.O. brass cap;
THENCE North 00 degrees 05 minutes 59 seconds West along the West line of said Section 23, a distance of 600.00 feet;

THENCE North 67 degrees 14 minutes 01 seconds East, a distance of 5728.70 feet to a point on the East line of the Southeast quarter of said Section 23;

THENCE continuing North 67 degrees 14 minutes 01 seconds East, a distance of 1068.51 feet to a point on the arc of a non-tangent curve concave to the Northeast, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;

THENCE Southeasterly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 31 degrees 16 minutes 47 seconds, and an arc length of 2402.11 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 44 degrees 09 minutes 57 seconds West;

THENCE South 44 degrees 09 minutes 57 seconds West, a distance of 1689.79 feet to a point on the South line of the Southwest quarter corner of said Section 24;

THENCE North 89 degrees 44 minutes 36 seconds West along said South line of said Section 24, a distance of 1000.00 feet to the Southwest corner of said Section 24;

THENCE North 89 degrees 42 minutes 50 seconds West along the South line of said Section 23, a distance of 2641.62 feet to the South quarter corner of said Section 23;

THENCE North 89 degrees 40 minutes 59 seconds West along the South line of said Section 23, a distance of 2640.87 feet to the Southwest corner of said Section 23, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 15:

That portion of Section 23, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 23, said point being a G.L.O. brass cap;
THENCE South 89 degrees 47 minutes 21 seconds East along the North line of said Section 23, a distance of 1857.42 feet;

THENCE South 53 degrees 00 minutes 55 seconds East, a distance of 2857.55 feet;

THENCE South 00 degrees 01 minutes 18 seconds East, a distance of 1216.34 feet;

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THENCE South 67 degrees 14 minutes 01 seconds West, a distance of 4481.73 feet to a point on the West line of the Southeast quarter corner of Section 23;

THENCE North 00 degrees 05 minutes 59 seconds West along said West line, a distance of 2043.82 feet to the West quarter corner of said Section 23;

THENCE North 00 degrees 05 minutes 41 seconds West along said West line, a distance of 2632.79 feet to the Northwest corner of Section 23, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 16:

That portion of Sections 23 and 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 24, said point bearing South 00 degrees 01 minutes 18 seconds East, a distance of 6.60 feet from a G.L.O. brass cap witness corner;

THENCE South 89 degrees 44 minutes 26 seconds East along the North line of said Section 24, a distance of 810.49 feet;

THENCE South 02 degrees 00 minutes 00 seconds East, a distance of 1065.56 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 12 degrees 33 minutes 16 seconds, and an arc length of 964.11 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;

THENCE South 67 degrees 14 minutes 01 seconds West, a distance of 1068.51 feet to a point on the West line of the Southwest quarter corner of said Section 24;

THENCE continuing South 67 degrees 14 minutes 01 seconds West, a distance of 1246.97 feet;

THENCE North 00 degrees 01 minutes 18 seconds West, a distance of 1216.34 feet;

THENCE North 53 degrees 00 minutes 55 seconds West, a distance of 2857.55 feet to a point on the North line of the Northwest corner of said Section 23;

THENCE South 89 degrees 47 minutes 21 seconds East, a distance of 788.00 feet to the North quarter corner of said Section 23;

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THENCE South 89 degrees 39 minutes 30 seconds East along the North line of said Section 23, a distance of 2644.01 feet to the Northeast corner of Section 23, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 17:

That portion of Section 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying Northerly of the following described property:

BEGINNING at the Southeast corner of said Section 24, said point being a G.L.O. brass cap; **THENCE** South 01 degrees 16 minutes 12 seconds West, a distance of 12.38 feet to a point on the arc of a non-tangent curve concave to the North, a radial line of said curve through said point having a bearing of South 00 degrees 25 minutes 09 seconds East;- **THENCE** Westerly along the arc of said curve to the right, having a radius of 4400.00 feet, a central angle of 05 degrees 01 minutes 39 seconds, and an arc length of 386.07 feet to a point on the South line of said Section 24;

THENCE continuing Northwesterly along the arc of said curve to the right, having a radius 4400.00 feet, a central angle of 70 degrees 50 minutes 15 seconds, and an arc length of 5439.92 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;

THENCE North 75 degrees 23 minutes 57 seconds East, a distance of 4425.12 feet to a point on the East line of the Northeast quarter of said Section 24;

THENCE South 00 degrees 08 minutes 44 seconds East along said East line, a distance of 1757.45 feet to the East quarter corner of said Section 24, which bears North 00 degrees 56 minutes 58 seconds West along the East line of the Southeast quarter of said Section 24, a distance of 19.93 feet from the West quarter corner of Section 19, Township 2 North, Range 2 West;

THENCE South 00 degrees 05 minutes 59 seconds East along said East line, a distance of 2639.86 feet to the Southeast corner of said Section 24, said point also being the **POINT OF BEGINNING**;

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EXCEPT the following described property:

BEGINNING at the Northwest corner of said Section 24, said point bearing South 00 degrees 01 minutes 18 seconds East, a distance of 6.60 feet from a G.L.O. brass cap witness corner;

THENCE South 89 degrees 44 minutes 26 seconds East along the North line of said Section 24, a distance of 810.49 feet;

THENCE South 02 degrees 00 minutes 00 seconds East, a distance of 1065.56 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 12 degrees 33 minutes 16 seconds, and an arc length of 964.11 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;

THENCE South 67 degrees 14 minutes 01 seconds West, a distance of 1068.51 feet to a point on the West line of the Southwest quarter corner of said Section 24;

THENCE continuing South 67 degrees 14 minutes 01 seconds West, a distance of 1246.97 feet;

THENCE North 00 degrees 01 minutes 18 seconds West, a distance of 1216.34 feet;

THENCE North 53 degrees 00 minutes 55 seconds West, a distance of 2857.55 feet to a point on the North line of the Northwest corner of said Section 23;

THENCE South 89 degrees 47 minutes 21 seconds East, a distance of 788.00 feet to the North quarter corner of said Section 23;

THENCE South 89 degrees 39 minutes 30 seconds East along the North line of said Section 23, a distance of 2644.01 feet to the Northeast corner of Section 23, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 18:

That portion of Sections 24 and 25, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 30, said point being a G.L.O. brass cap;

THENCE South 04 degrees 14 minutes 18 seconds East, a distance of 672.77 feet to a point of curvature of a tangent curve to the East;

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THENCE Southerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 15 degrees 36 minutes 40 seconds, and an arc length of 408.70 feet to a point of tangency;

THENCE South 19 degrees 50 minutes 58 seconds East, a distance of 794.67 feet to a point of curvature of a tangent curve concave to the West;

THENCE Southerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 37 degrees 50 minutes 47 seconds, and an arc length of 990.81 feet to a non-tangent line, a radial line of said curve ' through said point having a bearing of South 72 degrees 100 minutes 12 seconds East;

THENCE South 75 degrees 41 minutes 52 seconds West, a distance of 5874.45 feet to a point on the West line of the Southwest quarter corner of said Section 25;

THENCE North 00 degrees 04 minutes 18 seconds West along said West line, a distance of 1639.32 feet to the West quarter corner of said Section 25;

THENCE North 00 degrees 01 minutes 21 seconds West along said West line, a distance of 2637.50 feet to the Northwest corner of said Section 25;

THENCE South 89 degrees 44 minutes 36 seconds East along the North line of said Section 25, a distance of 1000.00 feet;

THENCE North 44 degrees 09 minutes 57 seconds East, a distance of 1689.79 feet to a point on the arc of a non-tangent curve concave to the Northeast, a radial line of said curve through said point having a bearing of South 44 degrees 09 minutes 57 seconds West;

THENCE Southeasterly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 39 degrees 33 minutes 28 seconds, and an arc length of 3037.82 feet to a point of curvature of a curve concave to the North, said point being a point on the South line of the Southeast quarter of said Section 24;

THENCE continuing Southeasterly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 05 degrees 01 minutes 39 seconds, and an arc length of 386.07 feet to the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 19:

That portion of Sections-24 and 25, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

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BEGINNING at the Southeast corner of said Section 24, said point being a G.L.O. brass cap;
THENCE South 01 degrees 16 minutes 12 seconds West, a distance of 12.38 feet to a point on the arc of a non-tangent curve concave to the North, a radial line of said curve through said point having a bearing of South 00 degrees 25 minutes 09 seconds East;
THENCE Westerly along the arc of said curve to the right, having a radius of 4400.00 feet, a central angle of 05 degrees 01 minutes 39 seconds, and an arc length of 386.07 feet to a point on the South line of said Section 24;
THENCE continuing Northwesterly along the arc of said curve to the right, having a radius of 4400-00 feet, a central angle of 70 degrees 50 minutes 15 seconds, and an arc length of 5439.92 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;
THENCE North 75 degrees 23 minutes 57 seconds East, a distance of 4425.12 feet to a point on the East line of the Northeast quarter of said Section 24;
THENCE South 00 degrees 08 minutes 44 seconds East along said East line, a distance of 1757.45 feet to the East quarter corner of said Section 24, which bears North 00 degrees 56 minutes 58 seconds West along the East line of the Southeast quarter of said Section 24, a distance of 19.93 feet from the West quarter corner of Section 19, Township 2 North, Range 2 West;
THENCE South 00 degrees 05 minutes 59 seconds East along said East line, a distance of 2639.86 feet to the Southeast corner of said Section 24, said point also being the **POINT OF BEGINNING**;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 20:

Lots 1, 2, 3 and 4, the South half of the North half, and the South half of Section 3, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

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PARCEL NO. 21:

Sections 10, 11, 12 and 13, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

Containing 8639.41 acres, or 376,332,700 square feet of land, more or less.

All parcels subject to existing rights-of-way and easements.

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PARCEL "B1"

A parcel of land lying within Section 6, Township 1 North, Range 2 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the northwest corner of said Section 6, said point also being the **POINT OF BEGINNING** of the herein described parcel;

THENCE along the north line of Section 6 per the Results of Survey as recorded in Book 499, page 48, Maricopa County Records, North 89 degrees 57 minutes 39 seconds East, a distance of 2437.60 feet to the northwest corner of Parcel No. 3 of a Quit-Claim Deed as recorded in Docket 10822, page 9, Maricopa County Records;

THENCE leaving said north line, along the westerly line of said Parcel No. 3, South 14 degrees 06 minutes 52 seconds East, a distance of 206.19 feet, to the southeast corner of said Parcel No. 3 and to a point on the east line of Section 6 per said Results of Survey;

THENCE leaving said westerly line, along said east line, South 00 degrees 04 minutes 51 seconds East, a distance of 491.44 feet, to a point on the northerly right-of-way line of Interstate 10 and the beginning of a non-tangent curve;

THENCE leaving said east line, along said right-of-way line, westerly along said curve, having a radius of 11602.57 feet, concave southerly, whose radius bears South 02 degrees 39 minutes 27 seconds East, through a central angle of 12 degrees 26 minutes 54 seconds, a distance of 2520.84 feet, to a point on the west line of Section 6 per said Results of Survey, and a point of intersection with a non-tangent line;

THENCE leaving said northerly right-of-way line, along said west line, North 00 degrees 09 minutes 05 seconds West, a distance of 1078.18 feet, to the **POINT OF BEGINNING**.

Containing 47.7687 acres, or 2,080,805 square feet of land, more or less.

All parcels subject to existing rights-of-way and easements.

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PARCEL "B2"

PARCEL NO. 1:

The West 1240.84 feet of the following described parcel:

Lots 1 and 2, and the South half of the Northeast quarter of Section 1, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying North of the land conveyed to the State of Arizona by and through the Department of Transportation in Docket 11015, page 374 and in Docket 11052, page 724.

PARCEL NO. 2:

Lots 1 and 2, and the South half of the Northeast quarter of Section 1, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying North of the land conveyed to the State of Arizona by and through the Department of Transportation in Docket 11015, page 374 and in Docket 11052, page 724;

EXCEPT the West 1240.84 feet.

PARCEL NO. 3:

The Northeast quarter of Section 1, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying South of the land conveyed to the State of Arizona by and through the Department of Transportation in Docket 11015, page 374 and in Docket 11052, page 724.

Containing 111.87 acres, or 1,118,680 square feet of land, more or less.

All parcels subject to existing rights-of-way and easements.

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EXHIBIT C

MAP OF PROJECT LOCATION AND BOUNDARIES

B2-# = DESCRIPTION OF "B2" PARCEL NUMBER
 ① = SECTION NUMBER

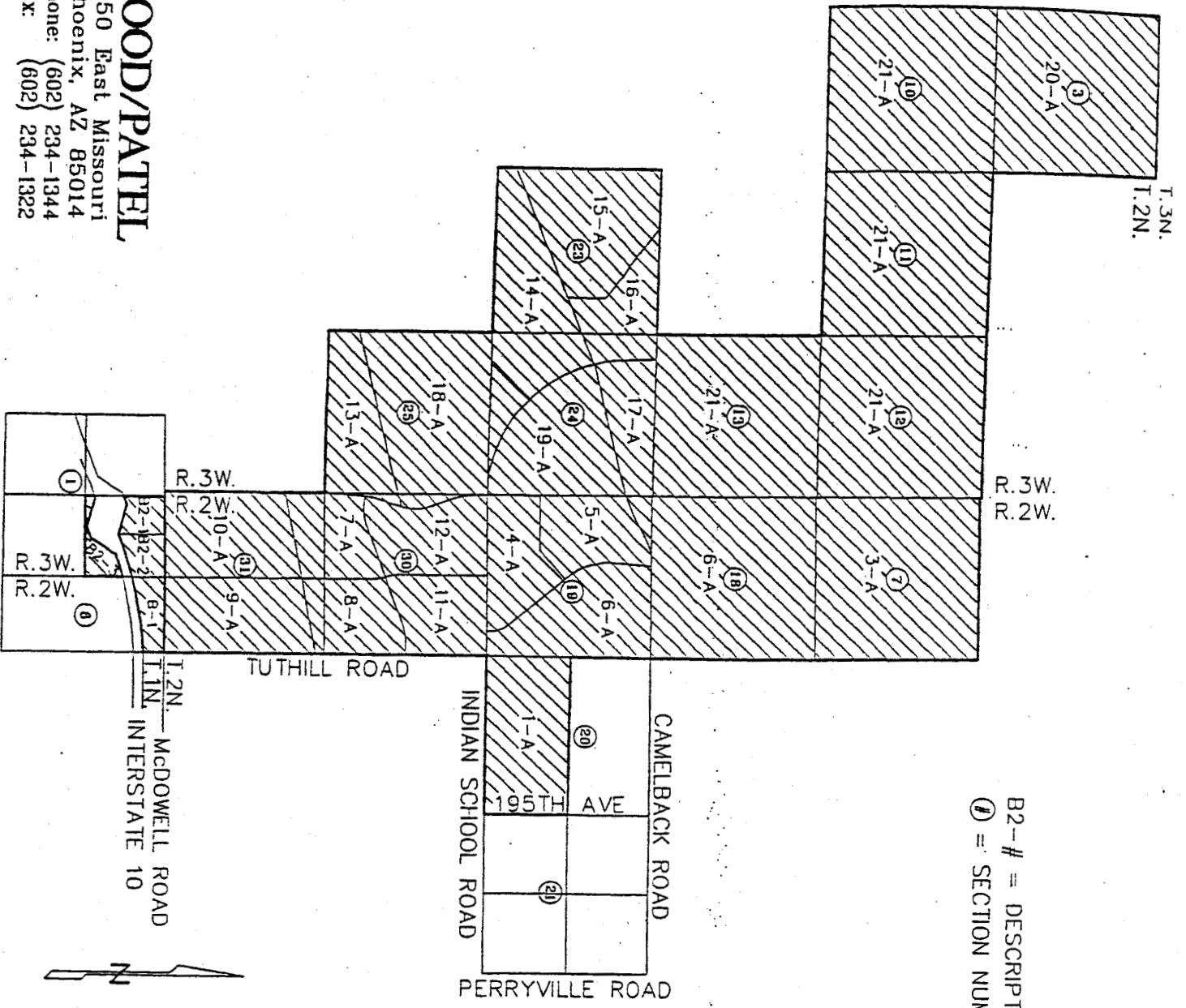


EXHIBIT "C"

MAP OF PROJECT LOCATION
 AND BOUNDARIES
 CATERPILLAR FOUNDATION
 &
 DMB WHITE TANK LLC

CATERPILLAR PROPERTY
 WATER/WASTEWATER AGREEMENT
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 NOT TO SCALE
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WOOD/PATEL
 1550 East Missouri
 Phoenix, AZ 85014
 Phone: (602) 234-1344
 Fax: (602) 234-1322

EXHIBIT D

OUTLINE OF WASTEWATER DESIGN REPORT

1. Executive Summary
2. Introduction
 - a. Project Scope and Goals
3. Basis of Design
 - a. Influent Characteristics
 - b. Projected Flows and Organic Loadings
 - c. Effluent Quality Requirements
 - Stream Discharge: NPDES
 - Aquifer Recharge: APP
 - Reuse: Irrigation Standards
 - d. Regulatory Requirements
 - Water Quality
 - Permitting Process
 - Fees
 - Timetable for Review and Approvals by MAG and ADEQ
 - e. Treatment System Analysis
 - Each major treatment train is described and its loading and anticipated performance characteristics are defined (headworks, primary treatment, secondary treatment, effluent polishing, sludge handling, screenings, electrical and instrumentation controls and odor control)
 - f. Construction Cost Estimates

- g. Phasing and land area required
- h. Constructability Issues

Figures

Conceptual Site Layout

Process Flow Schematic

Hydraulic Profile

Conceptual Layout of Treatment Process

EXHIBIT E

REFUNDS OF DEVELOPER'S ADVANCES

1. The Citizens' Parties' will pay to Developer refunds of Developer's Advances ("Refunds") as follows:

A. Water Refunds:

- i. Refunds per ERU first taking permanent (not construction) Potable Water Services during a six-month period ending June 30 or December 31 will be made not later than 30 days after the close of the six-month period. The payment per ERU will be as follows:

ERU 1 through 1,500 - \$1,200.00
ERU 1,502 through 7000 - \$1,500.00
All remaining ERU's - \$2,200.00

- ii. Refunds in the amount of 10% of the revenue (excluding taxes and other governmental imposts) derived from provision of Non-Potable Water Services within the Project during each 12-month period ending June 30 will be made not later than the following August 31. Refunds will be made for service provided through the June 30 following the fifteenth (15th) anniversary of commencement of Non-Potable Water Services.

B. Wastewater Refunds:

- i. Refunds per ERU first taking permanent (not construction) Wastewater Services during a six-month period ending June 30 or December 31 will be made not later than 30 days after the

close of the six-month period. The payment per ERU will be as follows:

ERU 1 through 1,500 - \$800.00
ERU 1,502 through 7000 - \$1,100.00
All remaining ERU's - \$1,300.00

- ii. A one-time Refund of \$1,000,000 will be made by DistCo not later than 30 days after the close of the calendar month in which the 100th single family residential home located in the Project first takes permanent (not construction) Wastewater Services.

2. A Refund for Potable Water Service will be made only once for any ERU in the Project, and a Refund for Wastewater Service will be made only once for any ERU in the Project.

3. No Refunds will be made for an ERU until the Facility from which the service is to be provided has been granted Operational Acceptance by the Citizens Parties.

4. The total amount of all Refunds to be made to Developer will not exceed the total amount of Developer's Advances.

5. No Refunds will be made with respect to any ERU located in the Project that first takes permanent Potable Water Services or permanent Wastewater Services after December 31, 2030.

EXHIBIT F
INSURANCE

I. Developer and, collectively, the Citizens Parties will carry or cause to be carried the following insurance:

A. Comprehensive General Liability Insurance coverage including premises, operations, products, completed operations, and contractual liability coverages in an amount no less than \$1,000,000 per occurrence, \$1,000,000 personal injury and advertising injury, \$2,000,000 Products and Completed Operations Aggregate and \$2,000,000 General Aggregate. Coverage will include:

1. Liability arising out of work or acts of subcontractors.
2. Deductible of no more than \$100,000 per occurrence.
3. Deletion of any limitation or exclusion on coverage for bodily injury or property damage arising out of subsidence or soil or earth movement ("x, c, u").
4. A provision that the insurance company has a duty to defend all insureds under the policy and that defense costs are paid in addition to and do not deplete the policy limits.
5. Coverage under the Contractual Liability section broad enough to cover the terms and conditions of Section 5.8 ("Indemnification") of this Agreement.

B. Automobile Liability Insurance for all motor vehicles operated by or such Party, including owned, hired, leased and non-owned autos, with minimum Combined Single Limit for Bodily Injury (including death) and Property Damage of \$1,000,000 for each occurrence.

C. Workers Compensation Insurance to cover statutory limits of Workers Compensation Laws of the state in which any work is being performed and the state in which the employee is hired. Workers Compensation coverage will extend to any individual, including owners,

directors, officers, and employees who will be performing any work at the Property regardless of any ability under state law to reject workers compensation coverage. If any class of employees engaged in work at the Property is not protected by the Workers Compensation statute, such Party will provide special insurance for the protection of such employees not otherwise protected, which is similar to the coverage required above.

- D. Employers Liability Insurance coverage in an amount not less than \$1,000,000 each accident; \$1,000,000 disease policy limit; \$1,000,000 disease each employee.
- E. Excess Liability or Umbrella Insurance coverage extending such Party's coverage excess of any general liability, automobile liability, and employers liability coverage on a "follow form" basis to bring the total limits available per occurrence and per aggregate to an amount not less than \$35,000,000.
- F. Excess Liability or Umbrella Insurance coverage extending subcontractors' coverage excess of any general liability, automobile liability, and employers liability coverage on a "follow form" basis in the amount of \$1,000,000 per occurrence and per aggregate.
- G. Professional Liability Insurance. If any professional services will be performed, professional liability coverage in an amount at no less than \$1,000,000, including:
 - 1. Deletion of any limitation or exclusion of coverage for bodily injury or property damage arising out of subsidence or soil or earth movement.
 - 2. Deletion of any exclusion or limitation of coverage based on the type or use of building or structure.
- H. Property Insurance. Such Party will also maintain adequate property insurance on (and will maintain adequate security for) its equipment and building materials.

II. The following general requirements apply to all insurance policies described in this Exhibit:

- A. All liability insurance policies, except professional liability insurance, will be written on an occurrence basis.
- B. All liability insurance policies required under this Exhibit will: (i) name the other Parties and Owner, their related or affiliated entities, parents, subsidiaries, partnerships, joint ventures, trusts, limited liability companies, and assigns, of any tier, and their respective directors, officers, partners, agents, employees, volunteers, members, managers, trustees, and shareholders as "additional insured"; (ii) be issued by an insurer and will be in a form approved by the other Parties and Owner; and (iii) provide that such policies will not be canceled or non-renewed and that no material change will be made to the policy without at least thirty (30) days prior written notice to the other Parties and Owner.
- C. All insurance policies (except professional liability and automobile liability policies) will include a Waiver of Subrogation in favor of the other Parties and Owner, their related or affiliated entities, parents, subsidiaries, partnerships, joint ventures, limited liability companies, and assigns, of any tier, and their respective directors, officers, partners, agents, employees, volunteers, members, managers, and shareholders.
- D. The liability insurance policies will provide that such insurance will be primary on a non-contributory basis.
- E. All insurers providing the coverages specified in this Section will be rated A VII or better by A.M. Best's.
- F. Such Party will provide certificates evidencing the insurance coverages required by this Exhibit to the other Parties and Owner before the commencement of any work by or at the direction of such Party. Replacement certificates will be sent to the other Parties and Owner, as policies are renewed, replaced, or modified.

- G. The foregoing insurance coverage must be maintained in force at all times during the terms of this Agreement. Liability insurance (for Products, Work, and Completed Operations, if any) is to be maintained for not less than 10 years following the last system hook-up within the boundaries of the Project.
- H. The insurance requirements set forth in this Section in no way limit such Party's liability arising out of work performed under this Agreement, any agreement, or related activities.
- III. Each Party will remain primarily liable for the work performed by all third parties engaged by such Party. Notwithstanding anything to the contrary in this Agreement, waiver of any insurance requirements specified in this Exhibit, including the amount or extent of insurance coverage, may only be obtained upon written authorization of other Parties and Owner.

EXHIBIT G

PROJECTED PHASE I OFF-SITE FACILITIES

DESCRIPTION	UNIT	PHASE 1 QUANTITY
OFFSITE POTABLE WATER SYSTEM		
18" Water Transmission Line with appurtenances	LF	2,640
16" Water Transmission Line with appurtenances	LF	7,920
18" V.B. & C.	EA	3
16" V.B. & C.	EA	7
Booster Pump Station – (Phase I – 1,840 gpm)	EA	2
Water Storage Tank – (1.25 mgd)	MG	1.09
Jack or Bore Casing for 16" Line	LF	100
Offsite Production Well (800 gpm)	EA	2
Land Acquisition	EA	2
NON-POTABLE WATER SYSTEM		
Production Well (400 gpm)	EA	2
Irrigation Pumping Station	EA	1
OFFSITE SEWER SYSTEM		
Wastewater Treatment Plant – (Phase I – 0.5 mgd)	EA	1
Recharge Facility/Recovery Well (600 gpm)	EA	1

EXHIBIT H

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT dated as of _____, 200 ___, between DMB White Tank, L.L.C., an Arizona limited liability company ("Assignor"), and Caterpillar Foundation, an Illinois not-for-profit corporation ("Assignee").

RECITALS:

A. Assignor and Assignee are parties to that certain Master Agreement, dated September 30, 1999, under which Assignor has certain rights to develop certain land owned by Assignee (the "Master Agreement").

B. Assignor entered into that certain Caterpillar Property Water/Wastewater Agreement between Assignor and Citizens Communications Company, a Delaware corporation ("Citizens"), and Citizens Water Services Company of Arizona, an Arizona corporation ("DistCo"), dated as of October ____, 2000 (the "Water/Wastewater Agreement"), a copy of which is attached hereto as Exhibit A, for the provision of public utility water and wastewater services in a community known as WhiteStone.

C. Assignee desires to acquire all of Assignor's right, title, and interest in and to Water/Wastewater Agreement and to assume Assignor's obligations under the Water/Wastewater Agreement pursuant to the terms and conditions hereinafter set forth.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing premises and mutual covenants hereinafter expressed, the receipt and sufficiency of which is hereby acknowledged by Assignor, the parties agree as follows:

1. Assignment.

- ☐ If this box is checked, this assignment and assumption is being made by mutual consent of the parties, pursuant to the terms of the Master Agreement, and Assignor hereby assigns to Assignee all of Assignor's right, title, and interest in and to the Water/Wastewater Agreement.
- ☐ If this box is checked, this assignment and assumption is being made pursuant to enforcement by Assignee of a collateral assignment of Assignor's interest in the Water/Wastewater Agreement or enforcement of a security interest held by Assignee as secured party with respect to the interest of Assignor as debtor in the Water/Wastewater Agreement, and,

therefore, the signature of Assignor is not required in connection with this assignment and assumption.

2. Assumption of Obligations. Assignee hereby assumes all of Assignor's obligations under the Water/Wastewater Agreement arising after the date hereof and agrees to be bound by the same obligations, responsibilities, rights, privileges, and duties as Assignor under the Water/Wastewater Agreement.

3. No Representation or Warranty. The assignment by Assignor of all of Assignor's right, title and interest in and to the Water/Wastewater Agreement is made by Assignor without representation or warranty of any kind, including any representation or warranty as to the validity, accuracy, effectiveness or fitness for any particular purpose or use of the Water/Wastewater Agreement. Such assignment is accepted by Assignee on an "as is" "where is" basis. By such acceptance, Assignee agrees that Assignor shall have no liability or responsibility therefor.

4. Effect. Except as amended herein, the terms, covenants and conditions of the Water/Wastewater Agreement will remain in full force and effect.

IN WITNESS WHEREOF, the parties have signed this Assignment and Assumption Agreement as of the date first written above.

"Assignor"

DMB White Tank, L.L.C., an Arizona limited liability company

By: _____
Its: _____

"Assignee"

Caterpillar Foundation, an Illinois not-for-profit corporation

By: _____
Its: _____

Exhibit A
to
Assignment and Assumption Agreement

[See Attached]

Exhibit B

Legal Description

EXHIBIT B

Legal Description

Certificate of Convenience and Necessity

Citizens Communications Company, Agua Fria Division

Citizens Water Services Company of Arizona

Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County,
Arizona

All of Section 7;

All of Section 18;

All of Section 19;

The South half of Section 20;

All of Section 30;

All of Section 31;

Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County,
Arizona

All of Section 3;

All of Section 10;

All of Section 11;

All of Section 12;

All of Section 13;

All of Section 23;

EXHIBIT B

All of Section 24;

All of Section 25;

Township 1 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County,
Arizona

That portion of Section 6, Township 1 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows;

BEGINNING at the Northwest corner of said Section 6, said point also being the TRUE POINT OF BEGINNING;

thence along the North line of Section 6, N89°57'39"E, 2437.60 feet; thence S14°06'52"E, 206.19 feet; thence S00°04'51"E, 491.44 feet to a point on the Northerly right-of-way line of Interstate 10 and the beginning of a non-tangent curve; thence westerly along said curve having a radius of 11602.57 feet, concave Southerly, whose radius bears S02°39'27"E, through a central angle of 12°26'54", 2520.84 feet to a point on the West line of Section 6 and a point of intersection with a non-tangent curve; thence along the West line N00°09'05"W, 1078.18 feet to the TRUE POINT OF BEGINNING and the end of this line description;

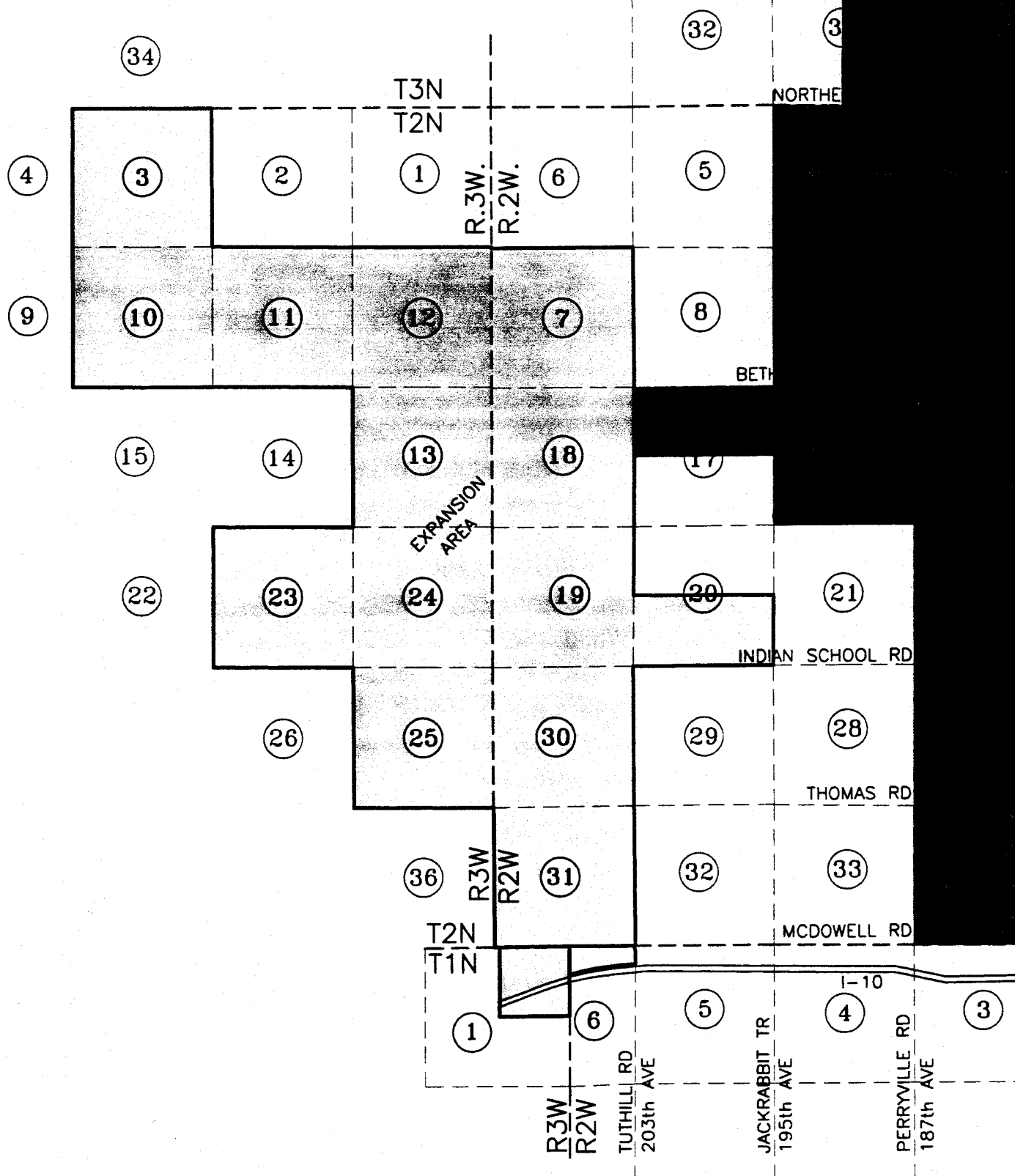
Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County,
Arizona

The Northeast Quarter of Section 1;

Exhibit C

Color-Coded Map





Proposed Certificate of Convenience and Necessity
 Citizens Communications Company
 Agua Fria Division
 Water Certificate

EXHIBIT "C" 2 of 4

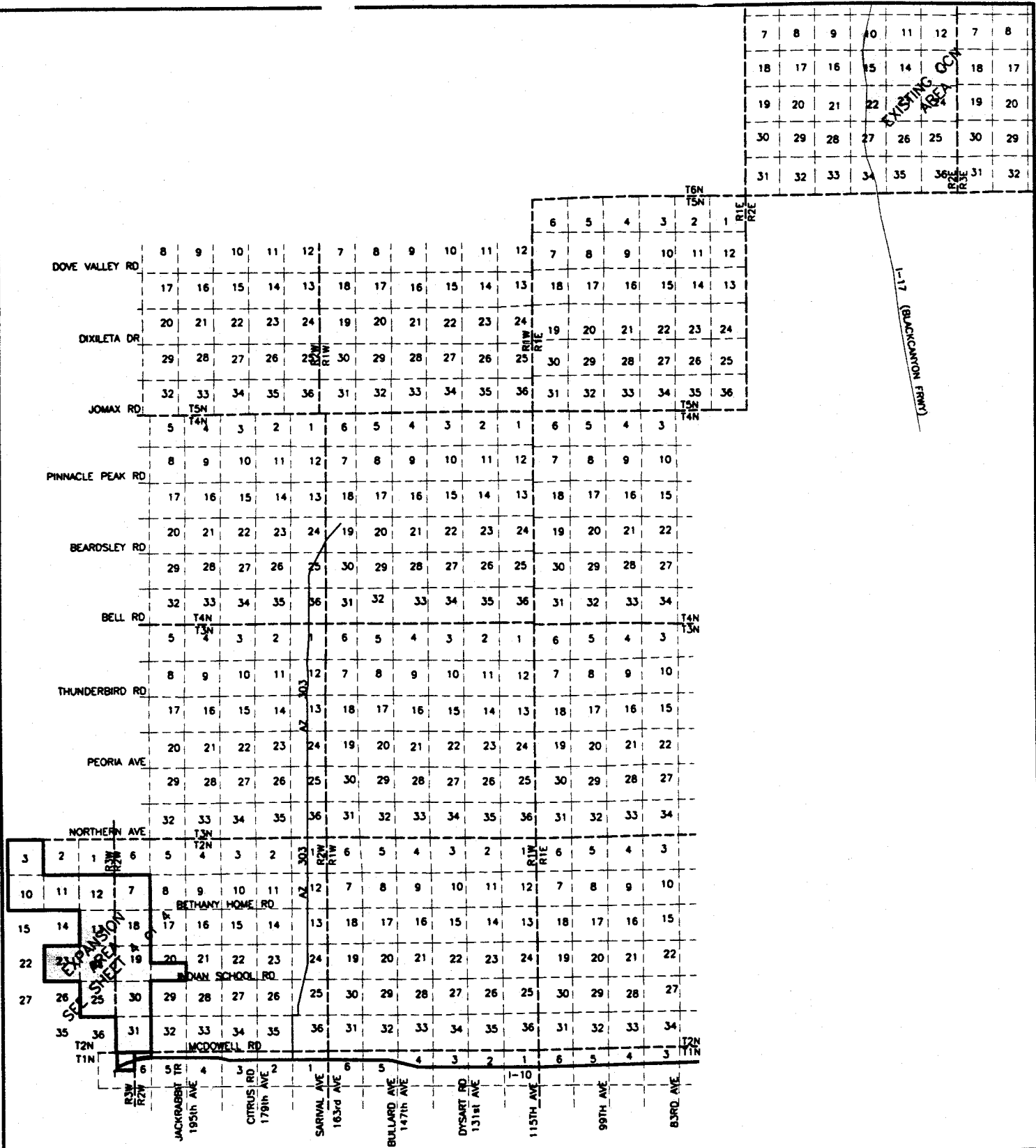
CITIZENS COMMUNICATIONS COMPANY
 AGUA FRIA DIVISION

EXPANSION
 AREA

EXISTING
 CERTIFICATED
 AREA



N.T.S.



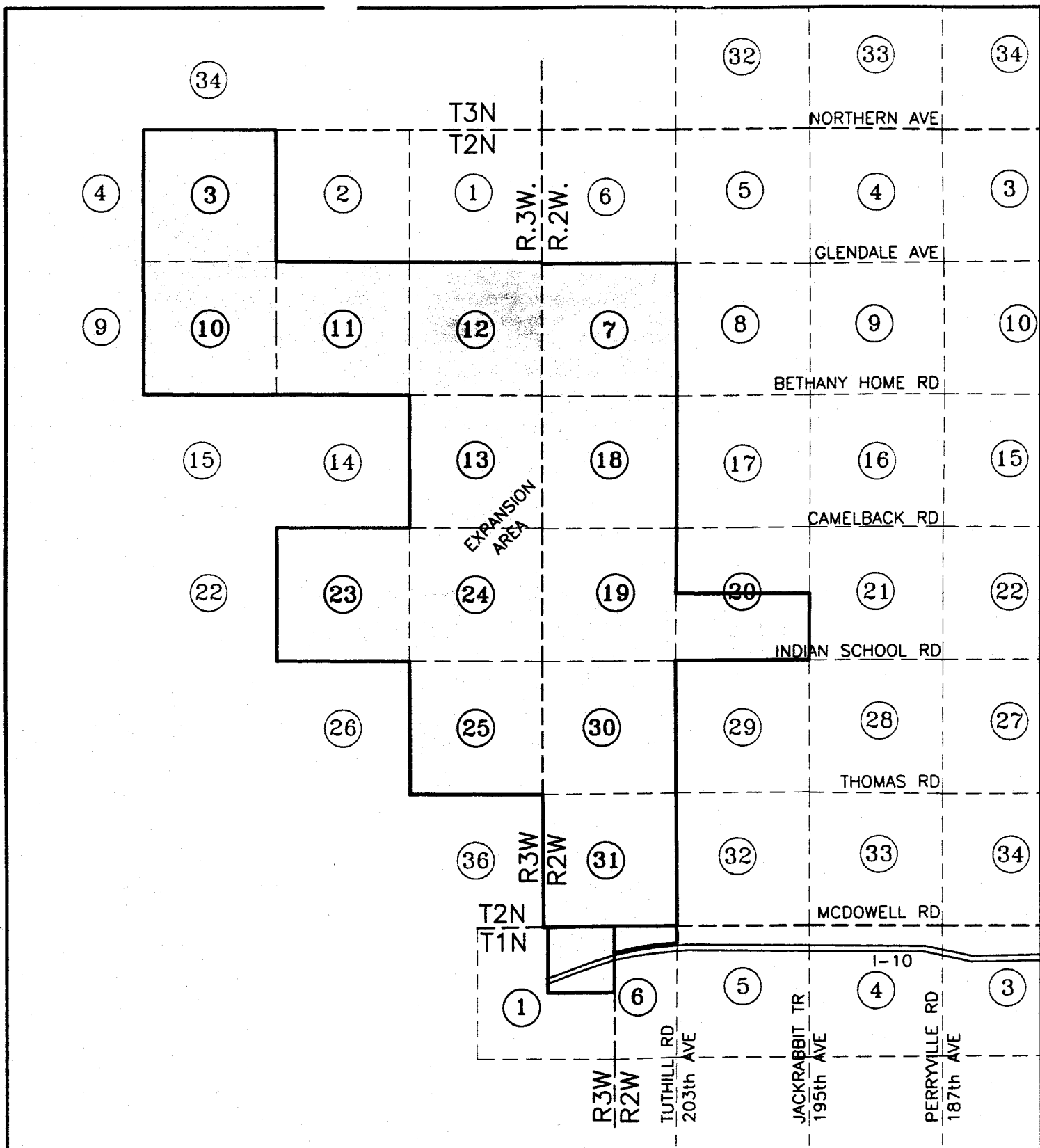
Proposed Certificate of Convenience and Necessity Citizens Water Services Company of Arizona Sewer Certificate



N.T.S.

EXPANSION AREA
 EXISTING CERTIFICATED AREA

CITIZENS WATER SERVICES
 COMPANY OF ARIZONA



Proposed Certificate of Convenience and Necessity
 Citizens Water Services Company of Arizona
 Sewer Certificate



N.T.S.

EXHIBIT "C" 4 of 4

CITIZENS WATER SERVICES
 COMPANY OF ARIZONA

EXPANSION
 AREA



Exhibit D

Water Tariff Pages

Western Maricopa County, Arizona
(Name of Service Area)

Water Service

Table of Contents

G - 1	General Water Service	1 - 1 st Revised
PF - 1	Private Fire Protection	2 - 1 st Revised
NP - 1	Nonpotable Water Service	3 - Original
WHU - 1	Water Facilities Hook-Up Fee	4 - Original
MISC - 1	Miscellaneous Service Charges	5 - Original
GW - 1	Groundwater Withdrawal Fees	6 - Original
CAP - 1	Central Arizona Project - Raw	7 - Original
CAP - 2	Central Arizona Project Hook-Up Fee	8 - Original
	Rules and Regulations	ACC No. 1 thru ACC No. 52

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

Western Maricopa County, Arizona
(Name of Service Area)

Water Service

Nonpotable Water Service NP-1

Availability

Available to large turf and landscape irrigators for use on golf courses, lakes, school grounds, park lands, right of ways, and similar large open spaces. Also available to land developers and their contractors and sub-contractors for use on large construction projects which require significant amounts of dirt moving, grading, trenching or other water intensive construction activities.

Rates

All Consumption	Rate per 1,000 gallons	\$0.62
-----------------	------------------------	--------

Special Conditions

The water provided under this tariff is raw, untreated water or reclaimed sewage effluent and is not suitable for human consumption or bodily contact. Water provided under this tariff should be used only for irrigation. Water will be made available for construction uses only to the extent it is not needed to serve other classes of customers. Deliveries are subject to interruption, curtailment, or scheduling as necessary to match demands with available supplies.

Each customer shall be required to enter into Nonpotable Water Service Agreement with the Company prior to establishment of service in accordance with Rule 12.

Terms & Conditions

Water service provided under this rate schedule is subject to the Company's Rules and Regulations applicable to Water Service and may be subject to the Company's miscellaneous service charges set forth in Rate Schedule MISC -1 and may be subject to the Company's groundwater withdrawal fees set forth in Rate Schedule GW - 1.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from service under this Schedule, or on the basis of the service provided or the volume of water produced, purchased or sold.

A 1-1/2% late payment penalty will be applied to account balances not paid within 25 days after the postmark date of the bill in accordance with Rule 8 (H).

ISSUED	_____	EFFECTIVE	_____
	Month Day Year		Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Western Maricopa County, Arizona
(Name of Service Area)

Water Service

Water Facilities Hook-Up Fee WHU - 1

Applicability

Applicable to persons or entities that construct residential homes, commercial properties, schools, parks, churches or other improvements that requesting potable water service within that portion of Company's CC&N known as the Caterpillar Property, said area being more particularly described in Decision No. _____.

Rates

Fee per Equivalent Residential Unit \$1,500.00

Special Conditions

1. Before applying for a building permit, meter set or entering into a Line Extension Agreement, each person or entity constructing improvements (Builder) will Company of how many Equivalent Residential Units will be connected as a result of expected construction.
2. Water Facilities Hook-Up Fees are due and payable to Company in full on the earlier of i) when a building permit is issued with respect to each improvement that is to be constructed on a lot or parcel, ii) when a meter is installed for the improvement, or iii) when operational acceptance is issued for the water facilities constructed to serve the improvement.
3. Equivalent Residential Unit is that portion of a residential or commercial unit that uses an equivalent amount of water as a typical single-family home. Equivalent Residential Units for various facilities are determined under the following schedule:

<u>Type of Improvement</u>	<u>Associated ERU</u>
Single Family Home	1.00
Apartment Units	0.50
Commercial Units (per acre)	4.00
Resorts (per room)	0.50
Parks acreage, Golf Courses acreage, and Right-of-Way landscaping Acreage	0.00

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Rules and Regulations Applicable to Water Service

Table of Contents (Continued)

Rule No.	Section No.	Title of Page	ACC Sheet No.
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12.		NONPOTABLE WATER USE	55
	A.	PURPOSE AND POLICY	55
	B.	DEFINITIONS	55
	C.	ESTABLISHMENT OF NONPOTABLE SERVICE	55
	D.	COMPANY RESPONSIBILITY	55
	E.	CUSTOMER'S RESPONSIBILITY	56
	F.	CONTINUITY OF SERVICE	56
	G.	SERVICE INTERRUPTIONS	57
	H.	MANAGEMENT PRACTICES	57
	I.	COMPANY ACCESS TO REUSE FACILITY	58

ISSUED

Month

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EFFECTIVE

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Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

Agua Fria Division of Citizen
Communications Company
(Name of Company)

A.C.C.
CANCELING

SHEET NO. 53
SHEET NO.

Western Maricopa County, Arizona
(Name of Service Area)

Rule No. 11

Reserved

ISSUED

Month

Day

Year

EFFECTIVE

Month

Day

Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

CITIZENS
water resources



Decision No. _____

Western Maricopa County, Arizona
(Name of Service Area)

Rule No. 11

Reserved

ISSUED

Month

Day

Year

EFFECTIVE

Month

Day

Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Western Maricopa County, Arizona
(Name of Service Area)

Rule No. 12

Nonpotable Water Use

A. PURPOSE AND POLICY

This Rule sets forth uniform requirements for use of Nonpotable Water and establishes a Nonpotable Water Service Agreement requirement. Implementation of this Rule is consistent with the Clean Water Act and the Arizona regulations pertaining to reuse of wastewater contained in Arizona Administrative Code (A.A.C.) R18-9-702, *et seq.* This Rule is implemented by Company in order to comply with applicable regulations and promote consistent application of Nonpotable Water, including treated wastewater, among its customers. This Rule supplements previous Rules by adding additional requirements for use of nonpotable water in addition to those required by previous Rules. The provisions of Rule 6, however, shall not apply to Nonpotable Water service. The provision of this Rule 12 will instead govern.

B. DEFINITIONS

The following definitions are supplemental to Rule No. 1.

1. Nonpotable Water: Water that contains objectionable pollution, contamination, minerals, or infectious agents and is considered unsatisfactory for human consumption. Nonpotable Water may include any combination of treated sewage effluent, untreated surface water supplies or untreated groundwater.
2. Nonpotable Water Service Agreement: A contract for Nonpotable Water service, substantially in the form attached to this Rule as Appendix A.
3. Reuse Facility: Any establishment or land owned, operated or otherwise controlled by a Customer using Nonpotable Water for irrigation, construction or other uses.

C. ESTABLISHMENT OF NONPOTABLE SERVICE

1. In addition to the requirements of Rule 2, an applicant for Nonpotable Water service shall enter into a Nonpotable Water Service Agreement with the Company prior to the establishment of service.
2. In addition to the provisions of Rule 2, an applicant may be refused service for failure to enter into a Nonpotable Water Service Agreement with the Company.

D. COMPANY RESPONSIBILITY

1. The Company shall deliver Nonpotable Water to the Point(s) Of Delivery specified in the Nonpotable Water Service Agreement, except that the Company may, at its option, refuse service until the Customer has obtained all required permits and/or inspections indicating that the Customer's facilities comply with local construction and safety standards.

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

Rule No. 12

2. The Company shall provide Nonpotable Water that meets the standard(s) contained in A.A.C. R18-9-703 for the reuse(s) specified in the Nonpotable Water Service Agreement, in accordance with applicable Arizona Department of Environmental Quality Wastewater Reuse Permit.

E. CUSTOMER'S RESPONSIBILITY

1. Each Customer shall maintain all facilities on the Customer's side of the Point Of Delivery in a safe and efficient manner and in accordance with Arizona Department of Environmental Quality rules and the prescribed specifications of the Company.
2. Each Customer shall exercise reasonable care to prevent loss or damage to any Company property installed in or on the Customer's premises, excluding ordinary wear and tear. The Customer shall be responsible for loss of or damage to Company property on the Customer's premises arising from neglect, carelessness, or misuse and shall reimburse the Company for the cost of necessary repairs and replacements.
3. Each Customer shall pay for any equipment damaged as a result of unauthorized breaking of seals, interfering, tampering, or bypassing the Company's equipment. In cases of tampering, interfering with the proper working of the Company's equipment, interfering with theft, or service diversion, the Customer shall be subject to immediate discontinuance of service. The Company shall be entitled to collect from the Customer at the appropriate rate for all consumption not recorded as the result of such tampering or other theft of service, as well as any additional expenses incurred by the Company for property damage, investigation of the illegal act, and all legal expenses and court costs if necessary.
4. The Customer shall notify the Company of any failure identified in the Company's equipment.
5. Nonpotable Water furnished by the Company shall be used only on the Customer's premises and shall not be resold or provided to any other person.
6. The Customer agrees, when accepting service, that no one except Company employees or persons authorized by the Company shall be allowed to alter, operate, remove, replace or make any connection to any Company property or equipment installed on the Customer's property.

F. CONTINUITY OF SERVICE

1. Deliveries of Nonpotable Water are subject to interruption, curtailment, or scheduling as necessary to match demands with available Nonpotable Water supplies. The Company shall make reasonable efforts to supply a satisfactory level of service. However, the Company shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

ISSUED

Month

Day

Year

EFFECTIVE

Month

Day

Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona



Decision No. _____

Western Maricopa County, Arizona
(Name of Service Area)

Rule No. 12

- a. Any cause against which the Company could not have reasonably foreseen or made provision for, *i.e.*, force majeure;
- b. Intentional service interruptions to make repairs or perform routine maintenance; or
- c. Interruptions, curtailments, or scheduling as necessary to match demands with available Nonpotable Water supplies.

G. SERVICE INTERRUPTIONS

1. In the event of a service interruption, the Company shall make reasonable efforts to reestablish service within the shortest possible time.
2. The Company shall make reasonable provision to address emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency to prevent or mitigate interruption or impairment of service.

H. MANAGEMENT PRACTICES

The Customer shall ensure that the following management practices are observed at the Reuse Facility:

1. All irrigation, construction and other uses shall be considered reuse of wastewater and shall comply with A.A.C. R18-9-703C. The Reuse Facility shall maintain an operations and maintenance manual that contains sufficient information to assure compliance with this Rule.
2. Signage and other public information practices shall comply with A.A.C. R18-9-703C.
3. All Customer's Reuse Facility operators must be made aware of and understand the requirements of this Rule and the Nonpotable Water Service Agreement.
4. No full or partial body contact shall be allowed in Nonpotable Water. Accidental contact with Nonpotable Water is not considered to be a violation of this Rule.
5. A color coding system shall be used on all new piping and outlets to meet standards set forth by the Maricopa County Health Department and A.A.C. R18-9-703, for distinguishing potable water supply lines from Nonpotable Water lines. Plans for consideration of new or modified facilities to deliver Nonpotable Water to the Reuse Facilities shall be approved and operated pursuant to applicable regulations. Schematic plans for the location of sprinkler heads, valves, back-flow devices, and any other ancillary equipment shall be maintained in accordance with the Company's standards.
6. The Customer shall apply Nonpotable Water at times to minimize contact with pedestrians.
7. The Customer shall utilize sprinkler head patterns to minimize overspray and runoff.

ISSUED

Month Day Year

EFFECTIVE

Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

Rule No. 12

8. The Customer shall not apply Nonpotable Water in excess of consumptive use rates, in order to prevent ponding and runoff.
9. The Customer shall notify Arizona Department of Environmental Quality within five (5) working days of an unauthorized discharge to the land surface or to the aquifer. This notice shall include:
 - a. A description of the discharge
 - b. A description of the cause of the discharge
 - c. The location of the discharge
 - d. A plan of work which addresses remedial or mitigative action

A contingency plan must be submitted to Arizona Department of Environmental Quality for review within 30 days of the violation.

I. COMPANY ACCESS TO REUSE FACILITY

The Customer shall provide the Company with free access to the Reuse Facility in order to monitor compliance with the requirements of this Rule and the Nonpotable Water Service Agreement. The Company may, in furtherance of the stated purpose and policy of this Rule:

1. Enter the Customer's premises at reasonable times
2. Inspect generally for compliance
3. Take independent samples
4. Inspect and copy records

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

NONPOTABLE WATER SERVICE AGREEMENT

THIS AGREEMENT for the sale, purchase and use of Nonpotable Water is entered into this _____ day of _____, 2000 between Citizens Communications Company, Agua Fria Division (the "Company") and _____ (the "End User") (each a "Party" and collectively, the "Parties").

RECITALS

A. The Company is a public service corporation, authorized to provide water service to customers within its certificated area pursuant to the tariffs and certificates of convenience and necessity issued to it by the Arizona Corporation Commission (the "Commission").

B. The Company desires to sell and convey Nonpotable Water to the End User and the End User desires to purchase Nonpotable Water for _____ subject to the terms and conditions of this Agreement.

C. The Nonpotable Water delivered pursuant to this Agreement may contain Reclaimed Water which was processed at the wastewater treatment plant operated under Aquifer Protection Permit # _____ and Reclaimed Wastewater Reuse Permit # _____, both issued by the Arizona Department of Environmental Quality.

THEREFORE, it is mutually agreed and understood by and between the Company and the End User as follows:

I. DEFINITIONS

The following definitions shall apply only in the context of this Agreement. These definitions complement but do not supersede any similar terms defined in the Arizona Administrative Code ("A.A.C.").

1. "ADEQ" means the Arizona Department of Environmental Quality or any successor agency that possesses regulatory authority over the use and permitting of Reclaimed Water in the State of Arizona.
2. "Company" means Citizens Communications Company and any successor, assign, or designee that conveys Nonpotable Water including Reclaimed Water from to the End User.
3. "Direct Use" means the beneficial use of Nonpotable Water by the End User for _____ at the _____.
4. "End User" means _____ and any successor, assign, or designee that directly uses Nonpotable Water for the purpose of the Direct Use.

5. "Nonpotable Water" means water that contains objectionable pollution, contamination, minerals, or infectious agents and is considered unsatisfactory for human consumption. Nonpotable Water may include any combination of Reclaimed Water, untreated surface water supplies, or untreated groundwater.
5. "Point(s) of Delivery" means the reuse meters recording discharges to the _____. Point(s) of Delivery are identified on **Exhibit A**.
6. "Reclaimed Water" means wastewater that has been treated at the _____ wastewater treatment plant located at _____ and owned by Citizens Water Services Company of Arizona or its successor, assign or designee.
7. "Reclaimed Water Standards" means the water quality standards and regulations set forth in A.A.C. R18-9-701 *et seq.* "General Requirements for Reuse of Wastewater," as those standards and regulations may be amended from time to time and other A.A.C. regulations pertaining to reclaimed water, including water quality standards and technical standards for the conveyance of reclaimed water.

II. CONDITIONS RELATED TO THE CONVEYANCE AND DIRECT USE OF NONPOTABLE WATER

1. The Company agrees to sell and convey Nonpotable Water to the End User in such quantities as the Company has available to it and the End User desires to purchase from the Company for the Direct Use. The Company will have no obligation to provide Nonpotable Water at any time when Nonpotable Water is not available for any reason.
2. The Company will convey Nonpotable Water to the End User at the Point(s) of Delivery.
3. The Company agrees that the Nonpotable Water it conveys to the End User will meet all Reclaimed Water Standards applicable to the Direct Use. The End User shall have no obligation to accept delivery of or to purchase from the Company any Nonpotable Water that does not meet all applicable Reclaimed Water Standards.
4. The End User agrees that it will use Nonpotable Water delivered by the Company under this Agreement for no purpose other than the Direct Use.
5. The End User will be responsible for the construction, operation, maintenance, repair, and replacement of all facilities owned, operated or used by it to accept, convey or use Nonpotable Water beyond the Points of Delivery.

6. The End User shall comply with the applicable irrigation and signage requirements of A.A.C. R18-9-703(C) and Reclaimed Wastewater Reuse Permit #_____.
7. The End User shall ensure that its irrigation site is dry and free from standing Nonpotable Water during normal usage periods. The End User shall not apply Nonpotable Water during times of stormwater run-off from the irrigated areas.
8. The End User shall revise its facility operations and maintenance manual to include measures that ensure compliance with the requirements of A.A.C. R18-9-703(C), Reclaimed Wastewater Reuse Permit #_____, and this Agreement.
9. The End User shall ensure that its employees are made aware of and understand the possible health risks related to Nonpotable water and the proper protocol for ensuring compliance with the applicable requirements of A.A.C. R18-9-703(C) and the facility operations and maintenance manual.
10. The End User shall use a color coding system on all new piping outlets to meet standards set forth by the Maricopa County Health Department and A.A.C. R18-9-703(C) for distinguishing potable water supply lines from Nonpotable Water lines. Plans for construction of new or modified facilities to deliver Nonpotable Water to the End Use site shall be approved and operated pursuant to A.A.C. Title 18, Chapter 9, Article 8. The End User shall maintain schematic plans for the location of sprinkler heads, valves, backflow devices and any other ancillary equipment shall and make them available to the Company upon request.
11. Partial and full body contact with Nonpotable Water is prohibited.

III. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

1. The Parties shall comply with the Reclaimed Water Standards and with any other federal, state or local statute, regulation or ordinance applicable to the Parties' generation, conveyance or use of Nonpotable Water.

IV. NONPOTABLE WATER: METERS, PAYMENTS AND OTHER COSTS

1. The End User agrees to allow the Company to install on its facilities at all Points of Delivery described in this Agreement, at the End User's cost, a water meter sized by the Company to measure the quantity of Nonpotable Water delivered to the End User. The readings from these water meters shall be the basis for all purchases and sales of Nonpotable Water under this Agreement. At the End User's request, the Company shall test a water meter. The Company shall charge the End User for such a water meter test according to the applicable tariff approved by the Commission, unless the meter is found to be over or under

register by more than three percent (3%), in which case no meter testing fee will be charged to the End User.

2. The Company will charge the End User for Nonpotable Water it delivers to the Points of Delivery according to the rate specified in the applicable Tariff. Nonpotable Water charges will be billed at the price in effect at the time of delivery.
3. The Company will provide an invoice to the End User each month for Nonpotable Water delivered to the End User during the preceding month. Each such invoice will be delinquent (15) days after it is postmarked. All taxes and governmental levies, if any, imposed on the production, sale or delivery of Nonpotable Water by the Company to the End User shall be included in said invoice.
4. The End User shall pay a late payment charge on payments that are received more than thirty (25) days after the postmark date. The late payment change shall be one-and-one-half percent (1.5%) per month.
5. The Company will not be responsible for any costs associated with Nonpotable Water it conveys to the End User after delivery to the End User.

V. OTHER USES AND USERS

1. The End User agrees to use Nonpotable Water for no purpose other than the Direct Use as described in this Agreement. The Company may request the End User to enter into a separate agreement prior to providing Nonpotable Water to the End User for any purpose other than the Direct Use.
2. The End User agrees not to sell, deliver, furnish or otherwise provide Nonpotable Water it receives from the Company pursuant to this Agreement to any other person or entity without first obtaining the written consent of the Company and approval of such activity by ADEQ.

VI. INDEMNIFICATION OF COMPANY

1. The End User releases and agrees to indemnify, hold harmless and defend the Company, its directors, officers, employees and agents from and against any claim or cause of action for any civil penalty, loss, damage or expense, including reasonable attorney's fees, which the Company may incur or suffer by reason of the End User's conveyance or use of Nonpotable Water following delivery of Nonpotable Water to it by the Company.

VII. SUCCESSORS AND ASSIGNS

1. This Agreement contains the entire agreement by the Company and the End User with regard to the matters set forth herein and shall be binding upon and inure to the benefit of the Parties hereto, jointly and severally, and the successors and assigns of each. No assignment or transfer of this contract or right or obligation herein by one Party shall be valid until approved in writing by a duly authorized representative of the other Party, provided that such approval shall not be unreasonably withheld.

VIII. GENERAL PROVISIONS

1. Each Party to this Agreement represents and warrants to the other that it is authorized to enter into this Agreement and upon the execution hereof by the Parties this Agreement shall be binding and enforceable against the Parties in accordance with its terms.
2. Written notices to any Party to this Agreement concerning the Agreement shall be sent by certified mail or hand delivery, except that invoices and other similar communications may be sent by first class mail, addressed as follows:

To the Company

Citizens Communications Company
15626 North Del Webb Blvd.
Sun City, AZ 85308
Attn: Operations Manager
(623) 974-2521

To the End User

3. The Parties agree, upon request, to provide one another with a copy of any written report relating to the Nonpotable Water to be sold or conveyed to the End User or conveyed or used by the End User that either Party submits to ADEQ or any other governmental agency. Such reports include, but are not limited to, monitoring data addressing the quality and quantity of Nonpotable Water conveyed or used.
4. The Parties agree, upon request, to provide one another with a copy of any written report relating to the Nonpotable Water to be sold or conveyed to the End User or conveyed or used by the End User that either Party receives from ADEQ or any other governmental agency. Such reports include, but are not limited to, a Notice of Opportunity to Correct and/or Notice of Violation.
5. Revisions to this Agreement may be made provided they are in writing, signed and approved by duly authorized representatives of the Parties hereto.

6. Failure by the End User to comply with the terms of this Agreement shall be grounds for termination of service with notice by the Company in accordance with the applicable Tariff.
7. If, after initiation of operations under this Agreement, either Party believes this Agreement is not functioning in accordance with the Party's intention, such Party should notify the other Party, in writing, of its desire to resolve the perceived inequity. Upon such notification the Parties shall meet as often as necessary and expend all good faith efforts in order to resolve the concern of the Party providing notice of its desire for negotiations.
8. In the event litigation arises out of this Agreement, the prevailing Party or Parties in such litigation shall be entitled to recover from the losing Party or Parties in such litigation all costs, expenses and fees incurred therein by said prevailing Party or Parties (including such attorneys' fees as shall be fixed by the court).
9. The Company and the End User agree that they will execute any further instruments and perform any further acts that are or may become reasonably necessary to carry out the terms of this Agreement, including, but not limited to, acts or instruments requested or required by ADEQ.
10. This Agreement shall remain in effect until terminated by the mutual agreement of the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day, month and year first above written.

Citizens Communications Company

By _____

Its _____

End User

By _____

Its _____

Exhibit E

Wastewater Tariff Pages

Citizens Water Services Company
of Arizona

(Name of Company)

CANCELING

1st Revised

Original

SHEET NO.

SHEET NO.

TOC

TOC

Western Maricopa County, Arizona

(Name of Service Area)

Sewer Service

TABLE OF CONTENTS

	General Sanitary Sewer Service	1 – Original
	Industrial Discharge Service	2 – Original
SHU –1	Sewer Hook-Up Fees	3 – Original
	Rules and Regulations	ACC No. 1 thru ACC No. 45

ISSUED

Month

Day

Year

EFFECTIVE

Month

Day

Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

CITIZENS
water resources



Decision No. _____

Western Maricopa County, Arizona
(Name of Service Area)

Sewer Service

Sewer Facilities Hook-Up Fee SHU – 1

Applicability

Applicable to persons or entities that construct residential homes, commercial properties, schools, parks, churches or other improvements that requesting sewer service within that portion of Company's CC&N known as the Caterpillar Property, said area being more particularly described in Decision No. _____.

Rates

Fee per Equivalent Residential Unit \$750.00

Special Conditions

1. Before applying for a building permit, requesting sewer service or entering into a Line Extension Agreement, each person or entity constructing improvements (Builder) will notify Company of how many Equivalent Residential Units will be connected as a result of expected construction.
2. Sewer Facilities Hook-Up Fees are due and payable to Company in full on the earlier of i) when a building permit is issued with respect to each improvement that is to be constructed on a lot or parcel, ii) when a water meter is installed for the improvement, or iii) when operational acceptance is issued for the sewer facilities constructed to serve the improvement.
3. Equivalent Residential Unit is that portion of a residential or commercial unit that discharges an equivalent amount of sewage as a typical single-family home. Equivalent Residential Units for various facilities are determined under the following schedule:

<u>Type of Improvement</u>	<u>Associated ERU</u>
Single Family Home	1.00
Apartment Units	0.50
Commercial Units (per acre)	4.00
Resorts (per room)	0.50
Parks acreage, Golf Courses acreage, and Right-of-Way landscaping Acreage	0.00

ISSUED _____ EFFECTIVE _____
Month Day Year Month Day Year

ISSUED BY Ray L. Jones Vice President and General Manager

15626 N. Del Webb Blvd., Sun City, Arizona

Exhibit F

Form of Notice